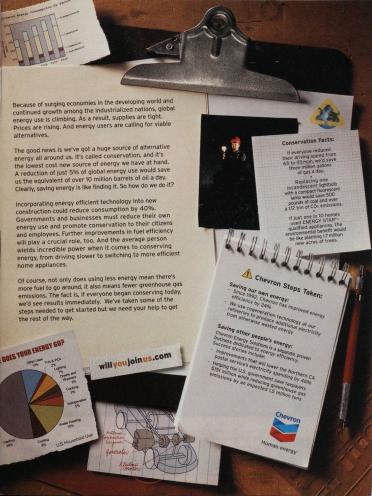
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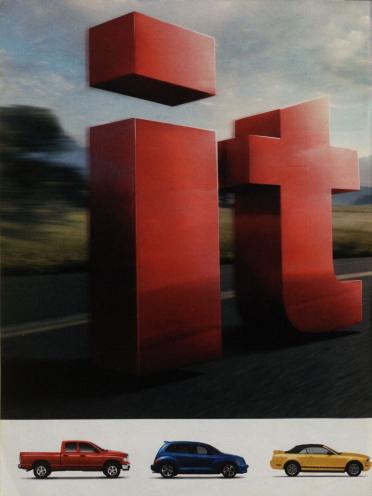
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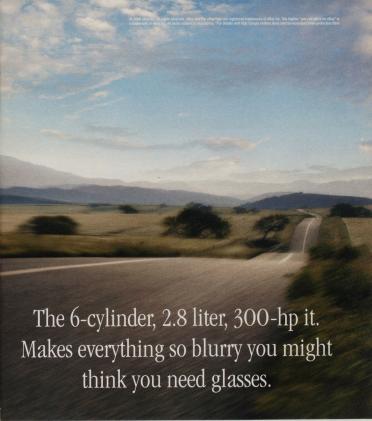
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▲ Folk healers in Uganda are helping to fight AIDS

THE CESS ON-0-1213 application early, send of two locates conducted aspected by Time for Private Priva

## TIME.com

Check out TIME's website each day for coverage of breaking news and analysis of hot issues, as well as photo galleries, multimedia features, blogs, opinion and the chance to talk back to TIME journalists

STEM-CELL FIGHT
This week's magazine
proviews the fight over a bill
to expand federal funding of
emboyonic-stem cell
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#### QUICK POLL

Last week's winner
We asked time.com readers
which summer movie they
found the most disappointing.
The winner—loser?—was The
Da Vinci Code, followed
closely by X-Men 3 and M::III.

This week's question
The All-Star game
showed off
baseball's best,
like Boston Red Sox
slugger David Ortiz,
right. Who do you
think is this
season's best
everyday player?
(Sorry, no
pritchers, Vote at
time.com/
baseballpoll.





Time.com has been featuring instant, insightful reporting and analysis of the new fighting, by Nicholas Blanford and Andrew Lee Butters in Lebanon, Christopher Allbritton and Phil Zabriskie in Israel, Azadeh Moaveni in Tehran, and Cestot MacLeod in Cairo. Look for more coverage, indiculting illuminating photo essays, in the days ahead. KINSLEY'S BRAIN Michael Kinsley writes in

this week's magazine about his imminent brain surgery. (He's doing fine.) Read more at time.com about

deep-brain
stimulation, the
procedure he
and many others
have undergone
to alleviate
symptoms of
Parkinson's
disease.



#### SPECIAL VOWS

Young adults with Down syndrome have shattered old ideas of what is possible and are getting married. Visit time.com for a gallery of photos from the special wedding of Carrie and Suj.

JOSHUA MARSHALL The founder of the political blog talkingpointsmemo.com,

Joshua Micah Marshall raises questions about the timing of recent terrorism alerts in his

timing of recent terrorism alerts in his debut as a time.com columnist

You'll see more of him in the coming weeks.



JUGGLERS EXTRAORDINAIRE
You read about the brother-and-sister juggling
team of Vova and Olga Galchenko in this issue.
To see video clips of them in action, go to
time.com/juggling.

## GREAT SHOTS

Last week time.com readers clicked through our picks of the week's best images-from the launch of the space shuttle Discovery to a streetside view of the Tour de France-and voted for their favorite. This shot of a young man jumping into the Yangtze River in China to escape the heat was the winner, with 23% of the vote.



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> PASSION for EXCELLENCE

# 10 QUESTIONS FOR Isabella Rossellini

ou've seen her before: Isabella Rossellini was the face of Lancôme. A daughter of Ingrid Bergman and Roberto Rossellini, she is a model, actress, and an author. For the 100th anniversary of her father's birth, Rossellini, 54, wrote In the Name of the Father, the Daughter and the Holy Spirits:

Remembering Roberto Rossellini and made the film My Dad Is 100 Years Old.

She spoke to Time's Jeff Chu about her dad's belly, today's Bergman and ageism.

## Why a book and film as gifts for your father's 100th birthday?

He was a director who has been more influential than commercial. If you see films for fun, you don't really know him. I'm no intellectual. Academics can say things I can't. But I can tell a new generation about what my dad did. I wanted to make a book that gave glimpses of him and his life.

#### In your film, you talk to your parents as if they were still alive. If you really could do that, what would you ask them?

How does it feel to be dead? Does it feel? Some people claim to communicate with the dead. In my book Some of Me. I had live and dead people debating fashion and aesthetics. I included my parents, and some people believed I actually talked to them. At one book signing, this group of women was looking at me intensely. When they came up to me, they said, "You see them too?" For me, it was just fantasy.

Your film is surreal—you deplet your father as a jiggling belly that speaks. He was quite fat. When I was little, he told me he envied women. He said that if he could be pregnant, there would be a reason for the big belly, instead of just being fat. I wanted to make him godlike in the film—a symbol rather than



a person. It was comical, but I thought it was also an appropriate way to depict my dad.

Your twin sister Isotta, a literature professor, said it was "inappropriate." I didn't expect the public attack. We haven't spoken about it. I don't think I'm being disrespectful—I'm being playful. Some people are used to seeing my father academically—my sister comes from a more academic world. But not everything should be told in an academic way.

Your dad's films can seem quite academic. Did you always enjoy them? No. Sometimes I found them difficult and slow. At times it looks like nothing's happened. But you have to look with a different eye. We're so used to going to the cinema and being told: Now you cry, now a moment of suspense. It's passive, and you take the ride.

Do any recent films remind you of your father's neorealist style of moviemaking? In a way, Crash. It tells a story that is very chamatic, but very subtle. You understand how racism flows through people who don't see themselves as racist. It's not flashy. It's not done for entertainment. It's done for thinking.

Whom do you see as an heiress to your mother Ingrid Bergman? Julia Roberts is probably the closest. There's a naturalness about her. She's approachable, a good girlbeautiful, but not in an intimidating way. She's not pretentious. I think Julia would be the one.

You were the face of Lancôme for more than a dozen years. Do you still wish you were

modeling? Anything you enjoy that much, you hope it will last. But I had a very long career. Now that seems to be rare. It's even true of actors. The celebrity culture has collapsed your moment of success to four, five, six years—then you're passé. I don't know what the problem is. As I said, I'm on intellectual.

Maybe the problem is ageism? Yes, there's ageism in modeling and acting. I'm dying to see horizon or Sissy Spacek more, and we don't see them as much. The story you hear over and over is about seducing a man and getting married, but women do much more than that. Maybe it will help having more women as directors, heads of cosmetic companies or head's of studies. It's the

Your daughter has become a model too. Are you happy about it? I'm delighted. It's the perfect job for a young woman. Yes, you have to be thin, but you learn about style and aesthetics. You travel the world. It exposes you to many cultures. Being a model is almost like going to finishing school, but less boring.

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## The Larger-Than-Life President

The fifth installment of our *Making of America* series put the spotlight on Theodore Roosevelt, the warrior, trustbuster and conservationist who helped make the U.S. a world power. Readers looked back with fascination at his accomplishments and fondness for his compassionate character

THE MAKING OF AMERICA

I FOUND YOUR SPECIAL ISSUE ABOUT TEDDY
ROSSEVELT [July 3] very informative, even though I have read more than one Rosevelt biography over the years and have long idolized him. Rossevelt's life shows what can be accomplished with hard work and perseverance. Our leaders could learn a lot from TR. He was more than a man of action; he had moral fiber and an upstanding character. Even though he had independent means, he never lost sight of the plight of the common man, and he tirelessly fought for causes—such as environmentalism and nurst-bustine—that are still relevant.

MARY F. GOCELJAK-McGOWAN
Piscataway, N.J.

BULLY FOR A VERY ENILGHTENING LOOK at one of America's greatest Presidents. Although overshadowed by F.D.R. in more recent times, Teddy Roosevelt not only ushered the U.S. into the 20th century, he also laid the foundation for its being a major player on the world stage. The story of Roosevelt's presidency is a classic example of why history is relevant; it is vibrant and vital, much as was the U.S.'s 26th President.

ARISTEA VLAVIANOS Charlottesville, Va.

HOW FORTUNATE THAT OUR NATION HAD A leader as magnificent as T.R. at such a crucial time—the start of the modern era. Sadly, we have not seen the likes of him since. I wonder which of our contemporaries, if any, will grace the cover of TIME 100 years from now.

MAYR MALOOL Lake Placid, Fla.

Fenton, Mich.

CAN ANYONE PICTURE GEORGE W. BUSHhauling in an oil company's Ceo and handling him the way Roosevelt handled J.P. Morgan? In the next presidential election I will be looking for a pugnacious puglist who knows his ornithology. Thanks for reminding an old socialscience instructor how important T.R. was to the development of today's U.S. Teddy Roosevelt not

44Teddy Roosevelt not only ushered the U.S. into the 20th century, he also laid the foundation for its being a major player on the world stage.

ARISTEA VLAVIANOS Charlottesville, Va.

HAVING KARL ROVE WRITE ABOUT LESsons from the career of Rosewell was an insult to one of our greatest Presidents. If Rove had been working for one of T.R.'s opponents, he would have slapped together a band of Spanish-American War Veterans for Truth and suggested that Teddy had been spiping Cuba libres on a gunboat instead of leading the charge up San Iuan Heights.

WILLIAM G. SCHELLER Waterville, Vt.

## **Hunting on the High Seas**

RE "REVENGE OF THE WHALE HUNTERS"
[July 3]: Japan's whaling practices are in full compliance with the International

Convention for the Regulation of Whaling. Japan supports the protection of endangered whales and advocates that only abundant cetacean species be harvested sustainably. Japan's commitment to whaling for scientific research is sincere and necessary to establish the proper conservation of whales. In fact, scientific knowledge from Japan has been highly commended by the International Whaling Commission's scientific committee. As the world's second largest donor of official development assistance, Japan provides aid to developing countries regardless of their positions on whaling. That Japan is using "bribery to get its way" is a completely false accusation.

> JIRO OKUYAMA, DIRECTOR JAPAN INFORMATION CENTER CONSULATE GENERAL OF JAPAN New York Citu

I FEAR THAT AN INSUFFICIENT LEVEL OF detail in the article will lead readers to believe that Norway is conducting an unnecessary slaughter of endangered whales, which is far from the truth. The Norwegian whale hunt is strictly regulated and scientifically monitored to ensure a continued healthy population of the target species, the plentiful minke whale. In a country where only 3% of the land is arable, maintaining a small capability to supply a domestic source of food means looking to the sea and managing the resource carefully.

HELGA KATHERINE PRATT

Battle Ground, Wash.

YOUR STORY SEEMED TO SUGGEST THAT all whaling is morally wrong, without distinguishing between harvesting endangered species and hunting those that are plentiful. Too stated that Norway "openly flouts" the rules of the International Whaling Commission, but Norway is within its rights to set its own catch limits. Having eaten whale and enjoyed it, I fail to see any moral difference between eating beef.

JAN MAGNUSSEN Old Lyme, Conn.

# NoteBook





FEW OCCASIONS ARE MORE SENSITIVE THAN A VISIT TO the U.S. of a foreign head of state, and few such events during the Bush years have been as closely watched as Chinese leader Jiang Zemin's visit to the President's Texas ranch in 2002. But a Taiwanese spy

named Isabelle Cheng had the inside track on Jiang's trip, according to a recent court filing. Federal prosecutors say vaunted State Department Asia hand Donald Keyser sent Cheng long

e-mails detailing his "conversations with Chinese President Jiang" in Texas. At some point, prosecutors say, the spy became his lover, and Keyser was caught lying to hide the affair-and hoarding classified docu-

ments in his suburban Wash-

ington home. Facing jail and with his marriage threatened, Keyser cut a deal, promising to tell all he knew about Taiwan's intelligence operations. But then the tale of the diplomat, his spook paramour and his wife-also a spy-got even weirder.

In return for Kevser's cooperation, prosecutors had accepted his denial of spying for Taiwan and let him plead guilty to three lesser felonies, preserving his pension. But in their filing earlier this month to throw out his plea, they allege Keyser repeatedly lied about his contacts with Taiwanese intelligence. Prosecutors want to enter new evidence to support "espionage-related" charges.

The new filing could also raise awkward questions for Director of National Intelligence (DNI) John Negroponte because Keyser's wife

Margaret Lyons is a senior CIA official on loan in a sensitive post helping set up a new open-source unit of DNI. The prosecutors' filing says Lyons had known for about a year that Keyser had improperly kept classified documents at home. Worse, current and former U.S. government officials tell TIME, an FBI search of the couple's home found CIA documents that Lyons had there without authorization. In a Feb. 22 letter to the judge in





## The Spy Who **Sued Me**

Outed CIA agent Valerie Plame says Dick Cheney ruined her career-and she wants him to pay, Plame and her husband Joseph Wilson filed suit last week against the Veep, Karl Rove, I. Lewis (Scooter) Libby and other officials. Here's our brief:

Plame and Wilson, top, take on Cheney, Rove and Libby

Keyser's case, Lyons-who hasn't been charged-admitted she and Keyser had failed "to properly secure" her husband's secret material. Through a spokesman, Negroponte declined to discuss Lyons' DNI role or whether CIA material was compromised. A CIA spokeswoman said the agency "stands by the decision" not to revoke Lyons' security clearance.

Kevser's attorney Robert Litt says the prosecutors' filing "contains numerous inaccuracies." Litt insists Keyser never spied for Taiwan, didn't improperly disclose classified information and fulfilled his end of the plea bargain. The government seems to disagree-and appears content to let this spy saga unfold in court. -By Timothy J. Burger and Adam Zagorin

TALKING POINTS

## Bombay Blasts

India presses for G-8 reaction In the wake of the train bombings, India's Prime Minister has demanded a strong G-8 response. Investigators have questioned more than 300 in a search for three suspects who may have ties to a militant Pakistani group.

The Senate voted last week to replace the Federal Emergency Management Agency with a new disaster-relief office. But the House wants to reform, not ax. FEMA-which means it may live to see another hurricane season.



## Hitting North Korea The U.N. takes on Pyongyang

The U.N. Security Council voted unanimously to adopt a resolution condemning North Korea's missile tests and demanding that it suspend its ballistic-missile program. Undeterred, North Korea vowed to continue its program.

Why sue? Plame and Wilson, an excipiomat, allege a "conspiracy" among top White House officials to punish them after Wilson exposed flaws in pre-Iraq-war intelligence. They say exposing Plame as a CIA agant Jeopardized their safety and invaded their privacy.

Privacy? They posed for Vanity Fair. Their embrace of the limelight could hurt them. But before columnist Robert Novak ran Plame's name, citing White House sources, she was unknown. Said her lawyer Christopher Wolf: "She was dragged

with other years? Compensation and punitive damages. Plame also wants
Administration officials to
be held responsible for
"shameful conduct." Cynical
observers note Plame has a
ploy," says a Republican lawyer
familiar with the defense, "to have
their names front and center."
With yone? Concerned plout the

statute of limitations, the pair filed

the suit a day before the third anniversary of Novak's Plame column.

Could they win? Federal officials are immune to most suits for actions that are within their duties—and a G.O.P. lawyer says

Cheney, Rove and Libby were "government employees simply engaged in rebuting allegations." But constitutional expert Enwir Chemerinsky, who 'so not he Plame Wilson legal team, is confident: The evidence is clear that the defendants abused their power. The unit after Libby's prosecution for perior in contraction of the providence of th

dants thousands in legal

fees-and devour energies

at the White House.
Could new information
emerge on the leak? If the suit
moves forward, the discovery process could reveal previously
unseen—and potentially embarrassing—White House memos.
—By Brian Bennett and Mike Allen



#### 66 No one can make India kneel. 99

MANMOHAN SINGH, Indian Prime Minister, after train bombings in Bombau killed about 200 people. No group has claimed responsibility

### 66 It takes a strong Marine to cry. 99

LINDSEY GRAHAM, Republican Senator from South Carolina, after General Peter Pace, the Chairman of the Joint Chiefs of Staff, tearfully testified at a congressional hearing on immigration about the opportunities the U.S. afforded his father, an Italian immigrant

## 66 The statements of your Vice President ... are the same as an unsuccessful hunting shot.

VLADIMIR PUTIN, Russian President, replying to Vice President Dick Cheney's criticisms—he chastised Russia for restricting democracy by alluding to Cheney's accidental shooting of a friend in February

## 66 We are for dialogue. But of course we will not negotiate our undeniable rights with anyone.

MAHMOUD AHMADINEJAD, Iranian President, whose refusal to halt Iran's nuclear program led the U.S., Russia, China and E.U. powers to refer the case to the U.N. Security Council for possible punitive action

#### 661'm not a person who thinks the world would be entirely different if it was run by women. If you think that, you've forgotten what high school was like. 39

MADELEINE ALBRIGHT, former U.S. Secretary of State, on women in leadership

## **66** This is what happens when possessions take the place of emotions. **99**

WARREN ADLER, author of The War of the Roses—about a rich couple's deadly divorce—on the doctor who allegedly leveled his New York City home last week to keep his soon-to-be ex-wife from getting the house



#### BUZZWORD

Post-Monica, the female intern in the nation's capital has a reputation that's part Catholic schoolgirl, part Paris Hilton: sexy, scantily clad and technically off-limits, but too culeless to know better. Such stereotyping isn't fair to most of the ambitious young women who flock to Washington each year (20,000 interns

arrive every summer, counting the boys). But the visiting vixen's midrift-baring, miniskirted image rings true enough to have prompted a neologism—SKINTERNS—as well as efforts to make young women more presentable in Capitol Hill's still starchy environment. One intern coordinator marks every day's schedule to indicate what level of formality is required—from D for dressy to VG for every casual. Take note: there's no SC for scantilly clad.—By Ana Marie Cox



U.S. cyclist Floyd Landis powered through the Pyrenees last week, emerging with the Tour leader's yellow Jersey. But his arthritic hip and the arduous Alps stand between him and a top-of-the-podium finish in Paris on July 23.

## The Who Is Back!

Gentlemen, start your windmills Rock-opera fans, rejoice: in September, the Who will launch its first world tour in more than 20 years. (Tickets go on sale this week.) In October, the legends release their first album—tentatively titled Who 2—since 1982.

## TO BUY OR NOT TO BUY?

hat is the question that vexes travelers seeking air tickets-buy, or wait in hope of a price drop? Thanks to computer scientist Oren Etzioni, an answer may be just a few mouse clicks away. Etzioni's site Farecast.com-its original name was, of course, Hamlet-provides the lowest fare on a route, a 90-day price history and, using a novel predictive algorithm, a tip to "buy now" or "wait," along

TICKET

with a figure indicating how confident Farecast is in its advice. (Flyers buy directly from the airlines.) **Boston and Seattle are** currently the only searchable points of origin at Farecast, which launched just last month, but CEO Hugh Crean says the site will soon add New York City. San Francisco, Los Angeles, Chicago and Atlanta, before going nationwide by 2007. -By Coco Masters

## HOTHEADED WAS THE CHEAP SHOT SEEN round the world-French star

Zinédine Zidane head-butted
Marco Materazzi of Italy in the last minutes of the World Cup final (Zidane says Materazzi insulted his mom and sister.) Most sports ban head-butting, but there have been extraordinary examples.—By Hillary Batchelder and Elisabeth Salemme

**V** DENNIS RODMAN Like a true Bull. Chicago's bad boy of basketball rammed ref Ted Bernhardt in 1996 after being ejected from a game. Rodman was fined \$20,000 and suspended for six games.



CARL EVERETT The Red Sox center fielder went head to head in 2000 with umpire Ron Kulpa after being called out for stepping outside the batter's box. Everett later said the two only "bumped" heads.

**EVANDER HOLYFIELD The boxer's** July 1997 bout with Mike Tyson, center, will always be remembered for the bite Tyson took out of Holyfield's ear. Tyson said he was provoked by a head butt, which the ref ruled accidental.



ROBBIE MCEWEN During the 2005 Tour de France, McEwen appeared to head-butt Stuart O'Grady. He denied the move but was disqualified from that leg of the race.

**BOBO BRAZIL** Known for having the "hardest head" in wrestling, the world champion pro grappler

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NORMAN MAILER In the sport of ... bookish ego, Mailer literally butted heads with rival author Gore Vidal in 1971-after Vidal accused him of being violent.

## The Return of the Relics

LONG GREEK DRAMA CAME closer to its end last week when the I. Paul Getty stone and a 6th century B.C. gifts to a goddess. For decades, Greece has noisily lobbied for

Museum in Los Angeles agreed to return to Greece two ancient artifacts: a 2,400-year-old tomb-

marble relief of women offering

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## ancient marble relief to Greece

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Museum of Art agreed to return to Italy the Euphronios krater, a 2,500-year-old vase.

The Greek government is negotiating with the Getty for two other artifacts. And it won't stop there. TIME has seen an internal Culture Ministry memo listing 10 more wanted works. They include a grave marker

from 340 B.C., housed at Harvard's Sackler Museum: icons of St. Paul and St. Procopius allegedly stolen from a 14th century church in Greece and now at the Dumbarton Oaks

Research Library in Washington; and Byzantine frescoes of the prophet Elijah and St. Andrew, which, according to the memo, the Odigia Foundation Icon-Institute in the Hague says it bought from a London gallery in 1996.

The Greeks are certain that more relics will return. "This is just the beginning," says Culture Minister George Voulgarakis. "We will scour the globe and recover them one by one." -By Anthee Carassava

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8,591 Number of potential terrorist targets in Indiana-including the Amish Country Popcorn Factory—as of January 2006, the most of any state in the National Asset Database, according to a Department of Homeland Security report released last week

5.687 Potential targets in New York State, Among spots not listed: Times Square in New York City

3,212 Potential targets in California, the most populous state

\$15 million Amount the White House has asked Congress to allocate for drug testing in public schools in 2007-up 45% from '06 and 665% over the past four years

2% Percentage of U.S. middle and high schools that test students for drug use

300 Years between the 1706 conviction of Grace Sherwood for witchcraft and her pardon last week by Virginia Governor Tim Kaine

Years Sherwood is believed to have served in prison after floating when dropped into a river with her thumbs tied to her feet, making her the only person ever convicted in a "witch ducking" trial in Virginia

Sources: Washington Post (2); USA Today; New York Times: MSNBC; New York Times: USA Today (2): Washington Post (2)



MY KIMMEL

agrees to one on one talks Cim Jone Il head-butts the President.



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66 So the World Cup is over, and now we can watching soccer. ?? JIMMY KIMMEL

66 ABC announced that it's planning a 30th-anniversary Angels featuring the original cast. In the episode, Bosley sends the Angels to Inevitable Ravages of Time. ?? CONAN O'RRIEN



THEY'RE MAD AT



66 They've uncovered some personal papers of Albert Einstein. Turns out he had 10 girlfriends. Think about it: 10 girlfriends-that's 10 different names, 10 different phone numbers, 10 different birthdays. You'd have to be a genius! 99 DAVID LETTERMAN For more political humor, visit time.com/cartoons

\$296 billion u.s. federal budget deficit for 2006, as estimated by the Bush Administration last week-down, because of soaring tax revenues, from the \$423 billion it predicted earlier this year

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## Milestones

#### KILLED. Shamil Basayev, 41,

Chechen terrorist who masterminded numerous large-scale attacks on Russian civilians, including a siege of a school in the town of Beslan that killed 331 people, most of them children. and a 2002 attack on a theater in Moscow leaving 171 people dead; when a bomb in his car exploded in the republic of Ingushetia, bordering Chechnya. While Basayev's supporters said the explosion was accidental, Russian forces said they killed Basayev as part of a longplanned sting operation.



▲ DIED. Syd Barrett, 60, brilliant, troubled recluse who was the original leader of the seminal psychedelic rock band Pink Flovd and wrote almost all its

early music; of undisclosed causes; in Cambridge, England. In 1968, a year after the release of Pink Floyd's acclaimed debut album, The Piper at the Gates of Dawn, Barrett-who named the group after blues musicians Pink Anderson and Floyd Councilleft the band after a breakdown that was caused, in part, by heavy LSD use. An icon to musicians from David Bowie to Robyn Hitchcock, Barrett, who lived in obscurity at his mother's house in Cambridge from 1970 until his

obscurity at his mother's house in Cambridge from 1970 until his death, was saluted by his former bandmates in the songs Wish You Were Here and Shine On You Crazu Diamond.

DIED. Catherine Leroy, 60, fearless, diminutive, French-born war photographer whose raw, intimate glimpses of atrocities during the Vietnam Waramong them Corpsman in Anguish, a well-known 1967 photo of a Navy corpsman hunched over his friend's dead bodyappeared in Lips, Look and other prublications and won her the prestigious George Polk Award; of cancer in Santa Monica, Calif. DIED. John Money, 84, join cering Johns Hopkins University sex-researcher and psychologist who, during the 1960s, when any form of sexual ambiguity was deemed freakish, helped establish and legitimize the study of sexual identity, in Towson, Md. Stressing the psychological effects of gender issues, he consulted on the first sex-change operation at Hopkins and coined the terms gender identity and gender role.

DIED. June Allyson, 88, wholesome, gravelvoiced actress dubbed the "girl next door" for her frequent turns in the '40s and '50s as the loyal, adoring girlfriend or wife

in such films as Two Girls and a Sailor, with Van Johnson, and The Glenn Miller Story, opposite Jimmy Stewart; in Ojai, Calif. Allyson was upbeat about her Hollywood reputation, but it doomed her efforts to take on grittier roles. The Shrike (1955). in which she played a harsh wife who drives her husband mad, was a flop. But she claimed she couldn't live up to the hype. "In real life," she joked, "I'm a poor dressmaker and a terrible cook." More recently, Allyson became known to younger viewers as the spokeswoman for Depend adult-

DIED. Barnard Hughes, 90, intuitive character actor who portraved warm, often flawed father figures; in New York City. His filmography includes movies as varied as Midnight Cowboy and Sister Act 2, and he made memorable guest appearances on hit TV shows of the '70s (a Roman Catholic priest on All in the Family; an eccentric judge on Lou Grant, for which he won an Emmy). But he was best known for his stage work, in particular his moving turn as a poor gardener who, having just died, haunts his foster son in the 1978 Broadway hit Da. The role won him a Tony and a rare rave from notoriously cranky critic John Simon, who compared him to the "Gielguds, Oliviers and Richardsons."



Barbaro's surgical team inspects the leg he shattered in May

Until recently, Barbaro-the majestic 3-year-old Thoroughbred who stormed to victory in the Kentucky Derby in May-seemed to be recovering nicely after sustaining a severe break in his right leg during the May 20 Preakness Stakes. But after surgery on July 8 to replace hardware and clear up an infection in that leg, doctors found and treated an abscess in his previously healthy left foot. But the inflammation worsened: Barbaro had developed laminitis, a breakdown of the tissue joining his foot bone and hoof. Laminitis, which is

caused by favoring an injured leg and putting too much weight on the healthy ones. can be so painful that Barbaro's doctors considered whether to put the horse down rather than let him suffer. His surgeon Dean Richardson at one point listed his prognosis as poor. But Barbaro fought back like a champion. At week's end, his appetite and spirits, if not yet his body, seemed healthy. "As long as the horse is not suffering, we're going to continue to try," Richardson told reporters, "It's worth the effort." -By Sean Scully



DIED. Red Buttons, 87, impish funnyman who emerged from burlesque to forge an acclaimed acting career spanning more than 30 films, including They Shoot Horses, Don't They? and The Poseidon Adventure, and stints on TV's Roseanne and ER; in Los Angeles. He was born Aaron Chwatt, but some patrons at an early gig renamed him for his red hair and the brass buttons on his uniform. Buttons became a sudden star in 1952 with his CBS variety show, on which he danced goofily to a trademark lyric, "Hoho-hehe-haha. Strange things are happening!" That became a national catchphrase, but his show was soon dropped. He rebounded in 1957 with the film Sayonara, playing a U.S. airman in an ill-fated romance with a Japanese woman-for which he won an Oscar. "I'm a little guy," he once said, "and that's what I play all the time—a little guy and his troubles."

HUMAN

7E+09

MEET THE ELEMENT OF CHANGE. A world that includes the Human Element, along with hydrogen, oxygen and the other elements, is a very different world indeed. Suddenly, chemistry is put to work solving human problems. Bonds are formed between aspirations and commitments. And the energy released from reactions fuels a boundless spirit that will make the planet a safer, cleaner, more comfortable place for generations to come. A world that welcomes change is about to meet the element of change: the Human Element.



THE WAR THAT NEVER ENDS

BEGINS A VIO

#### FRONT LINES

Israeli soldiers brace against the shock as they fire into Lebanon to drive back guerrillas armed with rockets

Photograph by Kevin Frayer—AP

# LENT NEW CHAPTER

Why do they fight? What is it about the Middle East that makes its conflicts so intractable, such that one summer's guns ineluctably conjure up so many earlier spasms of violence? Why the hate, and where is the healing? A British Royal Commission on Palestine had it right nearly 70 years ago: "An irrepressible conflict has arisen between two national communities within the narrow bounds of one small country. There is no common ground between them. Their national aspirations are incompatible." But why has there been no movement between these incompatibles in seven decades? Why has the two-state solution that every fair-minded observer has long endorsed been so difficult to establish?

The mystery deepens because Israel is not unique. Its creation is rooted in the decay of the Austro-Hungarian, Ottoman and Russian empires at the end of the 19th century and in the desire of persecuted peoples for homelands. The Jews of Eastern Europe were not the only ones who dreamed such dreams; so did Serbs, Czechs, Poles, Croats and others. As the empires were carved up at the end of two world wars, new nations took shape. The state of Israel, to be sure, was created on someone else's land (whose is a matter of debate), but it was hardly alone in that. Today's Polish towns of Wroclaw and Bydgoszcz, for example, went by their German names of Breslau and Bromberg not long ago. Israel's case differs from that of other new nations mainly because many have never reconciled themselves to its existence.



It has been said that the Palestinians never miss an opportunity to miss an opportunity—and certainly they have failed to secure their objective of nationhood. But Israel's strategic position too is less strong than it might seem. By holding on to the West Bank and Gaza after the Six-Day War in 1967, Israel sacrificed international goodwill. Political leadership in the Islamic world, meanwhile, has shifted to religious radicals, including the founders of Hamas and Hizballah. And new forms of warfare challenge Israeli capabilities. In 1948, 1967 and 1973, Israel defeated all comers in traditional battle. But it is now fighting an asymmetrical war against small cells who hide among civilians in Gaza and southern Lebanon. It is hard to wage such a war without alienating those you want on your side. Insurgents commit an atrocity—and wait for the ruling power to overreact, kill civilians and give the cycle of hatred another twist.

Can things change? Here's an Israeli view on what overwhelming displays of force can bring: "Aliving people makes enormous concessions... only when there is no hope left. Only then do extreme groups lose their sway, and influence transfers to moderate groups. Only then would these moderate groups come to us with proposals for mutual concessions." That could have been written last week. In fact, it is from a 1923 pamphlet by Ze'ev Jabotinsky, whose ideology inspired the Likud Party. If it speaks for Israeli policy today, the summer's sums will not soon fall silent.—BY MICHAEL ELLIOTT





# HATE THY NEIGH

N NORMAL TIMES, THE HILLS OF NORTHERN GALILEE FILL WITH TOURISTS, SOME OF them pilgrims seeking out the places where Jesus walked 2,000 years ago. Today those hills are burning. It is in Galilee that the rockets fired by Hizballah militants in Lebanon typically fall, occasionally scoring a direct hit on someone vulnerable, more often forcing inhabitants to move into bomb shelters. In the escarpment hamlet of Shomera, Israelis like Gabriel Peretz, the owner of a bed-and-breakfast, can do little more than brace for the next attack. "The situation is very bad," he says, his sentences punctuated by the sound of Israeli artillery fire, a crack-boom followed by a lingering zing of the outgoing shell, as loudspeakers in the village instruct residents to take cover in hardened shelters. "We've had six years of peace," he says, "but everything has come back to us."

Around the world, people could be excused for feeling that they too are witnessing something numbingly familiar in the Middle East, like a recurring nightmare that many would rather keep stored in the recesses of memory. But the conflagration involving





## Understanding the new and lethal logic of violence in the Middle East-and what the world can do to find peace BY LISA BEYER/JERUSALEM

Israel and its neighbors has erupted once more-and no one knows how bad and destabilizing it may get. Israel's ferocious response to Hizballah's kidnapping of two Israeli soldiers, which came a little more than two weeks after Palestinian militants from Hamas seized an Israeli corporal and smuggled him into the Gaza Strip, has produced the worst Arab-Israeli cross-border conflict since Israel's invasion of Lebanon in 1982. The great bulk of the pain last week was felt in Lebanon, as Israel bombarded the country, including sites in Beirut, killing more than 100 Lebanese by Saturday evening, almost all civilians, Hizballah, an Islamist Shi'ite group that operates freely in southern Lebanon, killed eight Israeli soldiers in its initial raid July 12 and has since flung hundreds of rockets into Israel, killing four civilians.

For all the mayhem and destruction, the crisis hasn't vet escalated into the kind of fullscale, multicountry war that rocked the Middle East in 1948 or 1956 or 1967 or 1973. But that's not exactly cause for comfort. The lethal exchange of firepower between Israel and Hizballah will likely not let up until someone-the U.N., nervous Arab countries like Egypt and Saudi Arabia or possibly the U.S.-intervenes and persuades one or both sides to stop. A British official told TIME that Prime Minister Tony Blair is personally pressing President George W. Bush to send Secretary of State Condoleezza Rice to the region to engage in Henry Kissinger-style shuttle diplomacy. But it's not clear that anyone has the ability to get the belligerents to calm down. And the longer Israel and Hizballah keep up their skirmish, the greater the chances it will spread out of control.

Hizballah is the wild card. There is always the possibility it could try to order up terrorist attacks against Israeli and Western targets around the world. If pushed to stop fighting, the group could lash out against its critics in Lebanon, unleashing the forces of civil war that ravaged the highly sectarian country for 15 years until 1990, and creating a new field of instability even as the U.S. struggles with crises in places like Iraq and Iran. Israel's strikes against Lebanon have provoked Shi'ite radicals in Iraq, who are threatening to attack U.S. troops in retaliation. The most chilling scenario is that the Israeli-Lebanese dispute could grow into a wider war, if Hizballah's backers in Iran or Syria decide or are provoked to join the fray-a possibility that grew when Israeli intelligence claimed on Saturday that Iranian forces



**Tangled Ties** 

THE POWER BROKERS

IRAN Helped create Hizballah as a Shi'ite force in Lebanon and continues to sponsor its activities. President Mahmoud Ahmadinejad has

vowed a "crushing response" if Israel

moves against Syria



SYRIA President Bashar Assad has disclaimed any ties to Lebanon since the withdrawal of Syriantroops in 2005 but remains a sponsor of Hizballah and is host to Hamas leaders



helped Hizballah fight-

ers hit an Israeli ship off the coast of Beirut, killing one sailor. (Iran denies the charge.) "It will never completely codown", says Edward Luttwak, senior adviser at the Center for Strategic and International Studies in Washington. "When the Israelis have hit enough targets, they'll be inclined to slow down, [But] these things don't get resolved."

That dim view of prospects for peace in the Middle East is widely shared by people on all sides of the conflict. What's driving the violence, and why does it seem so difficult to tamp down? Although the current battles may have been set off by age-old hatreds between Israel and its Arab enemies, what we're seeing today is not simply a replay of hackneyed set pieces in the Middle East. With new governments in place in the three key nodes of the crisis-Israel, Lebanon and the Palestinian Authority-and fighters within the radical Islamist groups-Hamas and Hizballah-eager to assert their agendas, the region is going through a period of dramatic and in some ways radical change. The volatility has added new fuel to the motivations and ambitions that have defined why they fight. And that poses a challenge for the international community-not least a U.S. Administration already waging two wars in the Islamic world. Once the fire is

#### DISPLACED

Amid the bombing, Beirut citizens left their homes for safer shelter in places like this girls' school, where officials provided supplies started, can anything be done to put it out?

#### WHY THE ARABS FIGHT

To understand why the Arab militants of Hamas and Hizballah are picking a fight with Israel now, you might start with an election. In January, Hamas, which is sworn to Israel's destruction, won the Palestinian general vote. The Hamas political leader in Gaza, Israell Haniya, who fishions himself a relative moderate, became Prime Minister, and set about trying to prove Hamas could govern. Boycotted financially and politically by the U.S. and the E.U. Hamiya in late June hammered out an agreement with Palestinian Authority President Mahmoud Abbas on a unified platform that would implicitly recognize Israel if it would withdraw to its 1967 borders. Recognizing Israel, though, is anathema to Hamas' hard-liners, who believe that God gave all the lands of the Middle East to Muslims and that the Iewish state therefore is accursed. For those hard-liners, any moves toward accommodation threaten the reason Hamas came into being in the first place. Deterred from attacking by arrests and assassinations, Hamas militants kept a cease-fire from March 2005 until last June, when they began firing rockets again and then, on June 25, decided to try another, daring tactic: they emerged from a tunnel dug under the Gaza fence to kill two Israeli soldiers and nab Corporal Gilad



## The attacks in Israel and Lebanon lay bare a complex web of relationships across the Middle East. Can the region avoid a wider war?

#### THE FACTIONS

HIZBALLAH Formed in 1982, the terrorist group has grown into a national movement under Sheik



18-year occupation in 2000 **HAMAS** A Palestinian extremist group founded in 1987 and known for directing suicide bombings against Israel. It's now the ruling Palestinian party

Lebanon credit Hizballah

with forcing Israel to end its

#### THE TARGET

ISRAEL Although he lacks significant military experience, Prime Minister



Ehud Olmert is fighting a twofront battle: against Hizballah to the north in Lebanon and Hamas to the south in Gaza. Olmert has ruled out a prisoner exchange to win the return of kidnapped Israelis, and says the operations in Lebanon will end when Hizballah is disarmed

#### THE BATTLEGROUND

LEBANON The fragile country is struggling to emerge from decades of conflict and domination



which has long supported Hizballah and its operations against Israel in the southern part of Lebanon. Newly elected Prime

**Minister Fouad Siniora** claims he is powerless to dislodge or disarm Hizballah forces, but Israel blames the Lebanese government for the recent attacks

Shalit, Instead of talking about a peace deal. the Palestinian Authority found itself dealing with a rain of Israeli bombardments and border incursions. Meanwhile, Hizballah, which was created in 1982 to resist Israel's invasion of

southern Lebanon, has internal political incentives to act against Israel. In the new Lebanon, genuine independence is trying to take root after popular unrest forced the Syrians to lift their yoke on the country last spring. As a result, whether Hizballah should be allowed to remain armed six years after the Israelis left Lebanon is the most divisive political issue in the country today. Critics argue that only government forces should bear arms. Hizballah counters that given the weakness of the Lebanese Army, a disciplined guerrilla force is needed to deter Israeli aggression. And what better way to remind the country of that aggression than to provoke some by capturing a soldier or two?

Many analysts believe that Hizballah must have carried out the raid with at least the encouragement of the group's main benefactors, Syria and especially Iran. "He who pays the money is the boss," says a Lebanese official, arguing that Tehran engineered the crisis in hopes of deflecting the Bush Administration's drive to impose U.N. sanctions for Iran's suspected nuclearweapons program. But whatever encouragement they may have had, neither Hamas nor Hizballah ever needs a specific justification for striking Israel. Attacking Israel is, for each, its raison d'être. And the groups' tacticians do not need to think that a particular strike will achieve a particular result. They take a long view, common among Islamists: over time-decades or even centuries, if necessary-Israel will crumble. Israelis will lose their fortitude under the pressure of attacks, give up and go back to Europe or Russia or, if their roots are in the Middle East, agree to live within an Islamic state. Regardless, the fighters' reward is not here on earth in this lifetime, but in heaven,

But Hizballah and Hamas in this case have a more practical payoff in mind. Israeli governments have proved willing to make big concessions to get back one or two or three of their own captives, even dead ones. (In 2004, Israel swapped 429 prisoners in exchange for an Israeli businessman and Gaza the remains of three Israeli soldiers.) The Palestinians now have a tremendous interest in prisoner swaps since the Israelis have achieved the relative quiet of the past few years in part by arresting huge numbers of suspected terrorists and packing jails with more than 9,000 detainees. Securing the release of many of them, by negotiating the return of the Israeli corporal, would make heroes of Hamas. And it would do so at a time when ordinary Palestinians have been grumbling that they may have erred in electing the radical group since the government-bankrupt because of international boycotts-has gone five months without paying salaries to its 160,000 employees.

Hizballah too hopes to profit from aggression. Israel holds only three Lebanese



Tripoli

LEBANON

Hizballah

stronghold

prisoners, but the group's leader, Hassan Nasrallah, parally noted that he also was making the release of Palestinian detainess a condition for freeing his Israeli captives, which would bring him and his group glory, both in the Arab world and Lebanon's Palestinian refugee camps. And following the abduction with a rain of rockets on Israeli towns and villages may have bolstered the group's ability to intimidate Lebanon's government and force it to ignore the U.N. Security Council's demands that Hizballah's fighters be disarmed. Compared with Hizballah Lebanon's and only a singular than the palesting that the pales

#### WHY ISRAEL FIGHTS

The Israelis are determined to show their adversaries that they aren't cowed. That has become clear in Israeli Prime Minister Ehud Olmert's announcements that Israel will not negotiate for the return of its soldiers. Israeli officials have long talked of "changing the rules of the game," and Olmert unleashed the military to do just that, setting the price for aggression against Israel so high that its enemies would be deterred from acting up in the future.

Olmert may have been influenced by President Bush, both in his stance of "no negotiations with terrorists" and in his decision to retailate harshly for the Hamas and Hizballah actions. The post-9/II era has marked a new high in Israeli-U.S. relations, with Washington abandoning its past practice of criticizing Israeli when it acts severely toward the Palestinians or other Arab parties. Starting with former Prime Minister Ariel Sharon, Israeli officials have taken to adopting Bush's war-on-terrorism rhetoric, Justice Minister Haim Ramon last week said Israel would treat Nasrallah as the U.S. treatS Osama bin Laden.

In that context, the abduction of the soldiers was particularly combustible. As it is, such acts strike deep into Israel's soul. It is practically a sacred notion in the Israeli military that nobody is left behind. And because the nation has a citizen's army and Israel's population is so small, hostage taking is felt intimately, if it's not your son or your neighbor's son, it could be.

But provoked by the hostage taking, Olmert's government is also trying to settle other scores. Palestinian militants have been regularly firing homemade Qassam rockets, a Hamas specialty into Israel from Gaza—some 200 in June and 100 so far in July. Hizballah has occasionally also lobbed rockets across the border since the Israeli pullout. And Israel has watched in dismay as Hizballah has built border fortifications, sometimes 30 feet from Israeli outposts and stockpiled with what Israel estimates to be 13,000 rockets, including upgraded ones that can reach at least as far as the cities of Haifa and Tiberias.

Facing those threats, Israel isn't prepared to show mercy. In the case of Hizhallah, especially, the Israelis are going well beyond retribution, taking an opportunity to degrade the organization's capabilities and, perhaps, cripple the group permanently. Said Defense Minister Amir Peretz: The goal is for this to end with Hizballah so badly beaten that not a man in it does not reger having launched this incident." Most Israelis know the offensive has come at a heavy price—to civilians on both sides, to Lebanon's infrastructure and to Israel's reputation abroad. But from the government's point of view, it is necessary and it is working. Israel

**Letter from Beirut** 

## The Party's Over

As the bombs fall, the nightlife capital of the Middle East grows desperate

By ANDREW LEE BUTTERS

hen the electricity finalfailed in my East Beirut neighborhood, I set up shop at a rooftop hotel bar and waited for the next Israeli bombs to fall. Almost immediately, the sky erupted with what sounded like antiaircraft fire but turned out to be red and green fireworks garishly flashing over the hot, dark city. The Shi'ite residents of Beirut's southern suburbs, pummeled all day by the Israeli assault, were celebrating Hizballah leader Hassan Nasrallah's declaration of war with Israel.

That's what passes for a party in Beirut these days. Monot Street, Beirut's main nightclub drag, is normally throbbing with oil-rich Arab playboys and European hipsters on

such a steamy summer night. But with the city under siege, the only buzz coming from Beirut's bars is the hum of power generators. There's not a bikini in sight on the city's sunny shoreline or a parked Porsche in the chic shopping district. Few Lebanese saw it coming. After this country's 15-year civil war ended in 1990, the nation transformed itself from a byword for urban violence into the nightlife capital of the Middle East. Elites who had fled during the war poured back in, pumping billions of dollars into the redevelopment of downtown Beirut. The rebranding of the city was so successful that with every condominium high-rise and every new shopping mall, the Lebanese began to believe their own advertising and forget that they live in a fragile country



claims to have hit many stores of Hizballah's rockets, often within houses. What Israel wants is for the Lebanese to disarm Hizballah, but Israeli realists don't expect the Lebanese to go that far. A demilitarized zone in the south might suffice. The Israelis were heartened to hear that some Anab states and a number of Lebanese politicians were complaining that Hizballah had taken not just the Israeli soldiers but also all of Lebanon hostage.

The assault on Lebanon is intended to send a broader message too, at a time when Israel has largely given up on trying to negotiate for peace and security and instead is trying to establish them on its own. The strongest argument made by domestic critics of Israel's withdrawal from the Gaza Strip last year was that the country's enemies would think it was weak and frightened and thus would be encouraged to strike out. Olmert's dual counterblasts are aimed at changing that impressionamong those who believe it-to make the idea of attacking Israel prohibitively scary to the other side or, as the Israelis put it, to re-establish deterrence.

so where might this lead? Is anything remotely approaching quiet, if not quite peace, possible in a place where all the actors see gain in continuing to fight?

As bleak as it now looks, it's not entirely out of the question. The chances are greater in Lebanon, where there are actors with a clear interest in taming Hizballah. As in past flare-ups on the border, coming to terms will almost surely require a thirdparty interlocutor. "It could be the Red Cross or the Cermans, the French, maybe a special adviser to Koff Annan," says an

Israeli intelligence official.

Dealing with Hamas won't be as easy. In Gaza, the main force that has tended to moderate the behavior of the militants has been public opinion, which has sometimes swung against the radicals when their actions prompted Israeli reprisals that punished the population. Now, though, Gazans place the blame for scores of deaths and deteriorating conditions squarely on Israel. Their anger and the prospect of an eventual prisoner exchange are strengthening the militants, which will make it harder for Palestinian Prime Minister Hamiva to defend his agree-

ment with Abbas if the current siege ends.

What should the U.S. do? Blair and other allies would like Rice to take a more active role in bringing first calm and then a return to peace talks between the Israelis and Palestinians. Bush has showed no interest in engaging in the region in that way, and Washington is handicapped by its unwillingness to negotiate with four of the key players-Hamas and Hizballah, Syria and Iran-whose interests would have to be addressed. But crises can sometimes provide opportunities, especially since the U.S. can't afford to have another Middle East mess on its hands. At this point, U.S. intervention can't undo the reasons Israel and its enemies fight. But doing nothing is an even bigger risk. And summers in the Middle East can still get a lot hotter. -With reporting by Christopher Allbritton and Nicholas Blanford/ Beirut, Aaron J. Klein and Phil Zabriskie Jerusalem, Scott MacLeod/Cairo, J.F.O. McAllister/ London, Elaine Shannon and Douglas Waller/ Washington and Unmesh Kher/New York

For analysis of the latest news from the Middle East, go to time.com



in a dangerous part of the world. That illusion now lies in tatters. The foreigners were the first

to panic. At the Phoenicia Hotel, the city's fanciest, the lobby the city's fanciest, the lobby the city's fanciest, the lobby shiftled with fashionable women fleeing the country in high-heeled shoes. The embassies circulated fancful evacuation plans involving small airplanes and ferries to Cyprus. The U.N. told its employees to stock up on a month's worth of prescription medication and take a long weekend.

The problem is that there's almost no place to go. Poor Beinta irrport, recently rebuilt, was famously attacked in 1968, when Israeli commandos blew up 13 Lebanese civilian planes as they sat on the tarmac. This time the attack came in slow motion: first the runways, then the fuel-storage tanks, then the runways again, then the terminals.

With Israeli warships attacking ports and running blockades, the only way out of the country is by land through Syria. Fleets of taxis carried hotel guests on the three-hour trip to Damascus until an air strike knocked out a key bridge. Now cars have to take back roads through the high mountain passes or head

north up the coast road toward the Syrian city of Homs. Given the conditions on the roads, staying in Beirut while the bombs fall is as good an option as trying to make a run for it. "You share your bed with a Lebanese girl?" a staff member at the Tourism Ministry asked me. "Get married, and you won't have to leave."

The Lebanese-who lived through far worse than this during the civil war-are determined to put up a steely front. Every time I go to a supermarket to collect quotes from supposedly terrified families stocking up on essentials. I end up being the one with the largest shoppingcart load of canned goods and batteries. But it's hard to escape the sense of dread that looms over the country. "Twenty years of reconstruction are being destroyed in a few days," the Tourism Minister, Joseph Sarkis, moaned to me from his nearly abandoned ministry. The owner of a subterranean nightclub called the Basement is trying to rally his patrons with a new slogan: "It's safer underground." Even in Beirut, that may not be enough to keep the party going.

# **Robert Malley**

# **Time to Start Talking**

# The U.S.'s policy in the Middle East is flawed. Here's how to fix it

HE MOST ALARMING ASPECT OF THE UNFOLDING CRISIS in the Middle East isn't how many actors are jumping in. It's who is opting to stay out, Hamas, Hizballah and Israel are directly involved; Iran and Syria by proxy; Lebanon against its will. The U.N. is dispatching its mediators; the European Union is contemplating doing the same. But the U.S., despite colossal strategic stakes, threats to its own security, potential repercussions in Iraq, not to mention staggering loss of life, remains on the sidelines. The world's sole superpower is also its only no-show.

This is by design. From early on, the diplomacy of the Bush Administration has been guided by a straightforward logic: engagement is a reward, misbehavior ought not be rewarded; ergo, misbehaving parties are not to be engaged. The thinking is that

isolation, ostracism and, if need be, sanctions are more likely to get troublesome actors to change their ways. And so the list of diplomatic outcasts only grows. Today the U.S. does not talk to Iran, Syria, Hamas, the elected Palestinian government or Hizballah. And as the violence in the region clearly shows, that has hardly been cause for moderation, President Bush once famously observed that the U.S. had sanctioned itself out of all leverage on

Iran. In truth, it has worked itself out of much influence on the region.

And that's only half the problem. Since 2000, with the collapse of any Arab-Israeli peace process, the start of the war on terrorism and the U.S. invasion of Iraq, regional actors have lacked a clear compass, rules of the road or a referee. Syria is being told to clean up its act in Lebanon and Iraq: Iran to drop its nuclear program and to stop meddling in its neighbor's affairs; Hamas to undergo an ideological revolution: Hizballah to disarm. All are perfectly justifiable demands, but none are being accompanied by a clear and appealing incentive for the parties' taking such actionsother, that is, than avoiding retribution if they do not.

As a result of this diplomatic vacuum, the only factor constraining the behavior of the various parties has been their mutual fear. Israel has been worried that Hizballah might launch Katvusha rockets on Haifa, Syria that Israel

Robert Malley is Middle East program director at the International Crisis Group. From 1998 to 2001 he was President Clinton's special assistant for Arab-Israeli affairs

might wipe out its army or regime, Hamas and Hizballah that their entire leadership could become fair game. But such apprehension always was at most a feeble restraint, because in an unregulated environment, the only thing more costly than disregarding one's fears is displaying them. In the past weeks, that last and flimsy inhibition finally gave way. The conflict no longer is about achieving a specific objective-it's about imposing new rules of conduct, re-establishing one's deterrence, redesigning the region's strategic map. Stopping such fighting is a tall order, precisely because the protagonists' main goal is to demonstrate they are not afraid to prolong it.

It certainly won't be halted without robust, credible and influential third-party involvement. None of the actors will

want to appear overly eager for a cease-fire, but more than a few might-at the appropriate time-leap at an outsider's proposed deal. That happened before, in the 1980s and 1990s when Lebanon was the arena for similar proxy wars and when the U.S., then the energetic mediator. was the instrument of diplomatic negotiations. Without U.S. support, it's doubtful that the U.N.'s mediators will be able to

So is there any way out

muster similar muscle.

of the crisis? If the U.S. hopes to find one, it will have to help put a comprehensive package on the table, and some of its broad outlines can be divined. On the Israeli-Palestinian side, it would include a reciprocal and verifiable cease-fire, a prisoner swap and Israel's allowing the Hamas government to govern. The Lebanese equation is more complex. Here too a prisoner exchange and ceasefire agreement will be necessary, but a broader deal. involving steps toward Hizballah's disarmament and Israel's withdrawal from the contested Shabaa farms, will probably be required. On the latter issues at least, it is hard to imagine much happening without addressing Syrian concerns; for more sustainable stability, Iran will have to be included as well.

But then, such an approach would entail negotiating with all the wrong people about all the wrong things. That, of course, is precisely what the U.S. is adamant it will not do. One does not talk to outlaw actors, let alone bargain with them. The result has been a policy with all the appeal of a moral principle and all the effectiveness of a tired harangue.



INFLAMED Members of Iran's Basii militia wave Palestinian flags and denounce the U.S. and Israel at a march in Tehran on July 9

# Joe Klein

# The Iran Factor

HEN I VISITED IRAN A FEW YEARS AGO, MY FAVORITE QUESTION WAS, "Who runs this country?" The response often was nervous laughter, followed by a raised eyebrow, a shrug and a stage whisper: "The dark forces?" My next question—"The dark forces?"—would elicit the weaving of my interlocutor's own fabulously intricate conspiracy theory. "It's very Persian," a young businessman told me. "We're very conspiracy-minded." So let's indulge ourselves and think like Persians about recent events in the Middle East. Here's my conspiracy theory:

It starts with the fact that no one really does know who truns Iran. There are all sorts of competing institutions—governmental and religious and bazaari. There is a secular President, mouthy Mahmoud Ahmadinejad, and a supreme leader, the Ayatullah Ali Khamenei. There is a constitutional tension between those two offices, a tension

that may have been heightened in the past year by Ahmadinejad's close relationship with Iran's Revolutionary Guard Corps. The Corps is a strange institution. It is an extremist religious militia that exists outside the Iranian state apparatus. It is funded by semiprivate charitable institutions, called bonyads, that manage the Shah's confiscated assets, which are enormous. The bonuads aren't part of the government, either. They-and the Revolutionary Guards-are the patrons of Iran's external terrorist organization. Hizballah. In fact, there are Iranian Revolutionary Guard

trainers currently stationed in Lebanon. Complicated enough for you? I haven't even begun to conspire yet.

So let's speculate that there's a difference of opinion between Ahmadnejad and Khamenei about how to proceed on nuclear negotiations with the West, Let's say Ahmadinejad doesn't want to negotiate. Let's say he wants to send a message to the West, to the Israelis and also to Khamenei: I'm not a powerless figurehead like my predecessor, Mohammed Khatami. My friends in the Revolutionary Caurist give me veto power over any deal. It would not be difficult for Ahmadnejad to send the message, via the Chaurds, to both Hizbailah and the military wing of Hamas, which is based In Damascous and funded in part by Iran: Let's rile up the Israelis and start a crisis. Let's change the subject from the Iranian nuclear negotiations. At the very least, let's lay down an opening marker in the negotiations. If you mess with Iran, whave an until tutte of ways to mess with vou.

Just a theory, of course. "We really don't have any real idea about what goes on inside that government," a senior U.S. diplomat told merecently. But is not implausible, either. "My sense was that Khamenei didn't want to start trouble anywhere else in the world because it might

hurt the nuclear negotiations," says Kenneth Pollack of the Brookings Institution, author of a recent book about Iran. "But I don't think Hizballah would have crossed the border into Israel without approval from a much higher— Iranian—authority, either."

If this was an Ahmadinejad ploy, it might well backfire. The Israeli response has seriously damaged Lebanon economically. The Lebanese patchwork of constituencies that governs the country

may now conclude that it can no longer tolerate a heavily armed Hizballah substate in the south. And if it can be proved that Iran instigated the mess, the members of the U.N. Security Council might be nudged toward a tougher stance on the nuclear issue and the threat of international sanctions, which could have

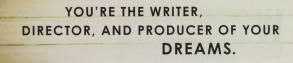
terrible consequences for Iran's oily economy. But it is also clear now that a major consequence of George W. Bush's disastrous foreign policy has been an emboldened Iran. The U.S. "has been Iran's very best friend," a diplomat from a predominantly Sunni nation told me recently. "You have eliminated its enemies, the Taliban and Saddam Hussein. You have even reduced yourselves as a threat to Iran because you have spent so much blood and treasure in Iran."

Indeed, last week's Middle East confrontation had Bush-

ON GUARD Iran's Ahmadinejad, front and center, with his Revolutionary Guards, may have military ambitions in the region

folly written all over it-and not just because the Iranian government's cowboy faction might be strutting its stuff. Bush's failure to patiently broker a real Middle East settlement-mostly because he refused to speak to Yasser Arafat or demand concessions from the Israelis-helped lead to Israel's unilateral withdrawal policy in Gaza. Peace isn't made unilaterally. An unstated part of Israeli policy was that provocations by Hamas and Hizballah would have to be met with real force, lest it seem that Israel was merely retreating from a tough fight. Furthermore, it was the Bush Administration-not the Israelis, not the Palestinian Authority-that insisted the Palestinian elections go forward last January, with disastrous consequences. "The only people who want those elections are Condi Rice and Hamas," a prominent member of Israel's Kadima party told me just before Hamas won the election. A more careful and collegial U.S. Middle East policy might have forced the simultaneous disarming of Hizballah as Syrian troops left Lebanon in 2005. This is not to say that the Bush Administration caused last week's explosion, or even that meticulous diplomacy might have prevented it. But it couldn't have hurt, Instead, the U.S. and Iran may have become unwitting co-conspirators, pouring gas onto a petroleum fire-a dreadful twist that only a Persian could love.

To see a collection of Joe Klein's recent columns, visit time.com/klein





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# WHAT A BUSH VETO WOULD **MEAN FOR STEM CELLS**

The President's stand could slow research, but scientific ingenuity is cooking up new breakthroughs

By NANCY GIBBS and ALICE PARK



ally from doing what's unpopular politically. In fact, you could argue that he has made a career of it, holding fast to stage embryo positions that many vot-

GEORGE W. BUSH HAS

seldom suffered person-

ers reject, as a sign of strength in these dangerous times. So his willingness to exercise his first-ever veto this week on a bill that

would expand federal funding for human embryonic-stem-cell research, which 2 out of 3 voters favor, is not just a way to stroke his political base. "People like leadership much better than a finger in the wind," says White House press secretary Tony Snow. As Bush explained to him while in St. Petersburg, Russia, for the G-8 summit last week, "I took a position. I believe in it. So that's what I'm going to do."

But most Republicans are not George Bush-among other things, they still need to get re-elected-which is why, as a North-

eastern G.O.P. official said, the issue of stemcell research could be "a stinker" for the party. "When you're portrayed as arguing against treatment of disease," he admits, "it's a tough place to be politically." Democrats, who overwhelmingly support expanded research, seem happy with the looming veto as a consolation prize; some were already running ads. "It's going to be a symbol of standing in the way of progress," says Illinois 3 Congressman Rahm Emanuel, whose job it is to get Democrats re-elected. "This is a game changer in a lot of districts." As for patients, present and future, who have a personal stake in the fight, the good news is that the fate of the bill may not mean as much as either side suggests.

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# **VETO-FREE PRESIDENCY?**

Thomas Jefferson never used it. F.D.R.? A mere 635 times. So far, Bush has avoided the veto (stem cells could change that), but he has had some close calls:

### CAMPAIGN FINANCE

Initially the President bristled at any attempt at reform. But when a popular compromise was achieved in Congress, he backed off.

### FARM SUBSIDIES

Conservatives pleaded with Bush to nix the \$190 billion measure, but the bill—signed prior to the 2002 midterm elections—was a big winner with farmers and ranchers.

# MCCAIN DETAINEE AMENDMENT Bush threatened a veto on any limit to the

Bush threatened a veto on any limit to the use of torture on terror suspects, but a 90-10 Senate vote made it politically impossible. He negotiated modified language with McCain.

### HIGHWAYS

The President thought the Department of Transportation, not pork-loving lawmakers, should decide how to prioritize spending, but he signed the \$286.5 billion bill nonetheless.

# PRESCRIPTION-DRUG BENEFIT The biggest entitlement program since

The biggest entitlement program since Medicare itself enraged fiscal conservatives, but Bush supported it from its conception and could not be swayed.

Ever since Bush limited federal funding to a small number of existing stem-cell lines in August 2001, research advocates have been worried that the U.S. would lose its edge in the revolutionary field of regenerative medicine. The "presidential lines" were of limited value; there were not nearly as many as scientists initially thought would be available-more like 21 than 62, and they were old, in some cases damaged and most likely contaminated with the mouse feeder cells and calf serum used to grow them. Top U.S. scientists, many of whom depend on federal grants, decamped to labs in Europe or Singapore, where the government has made biotechnology a national priority. Some states have tried to fill the gap-California voted for a \$3 billion bond initiative to fund stem-cell research. Advocates from Nancy Reagan to Michael I. Fox have pushed Congress to unleash more money and loosen the rules. Many Republicans as well as Democrats have been receptive. knowing that even socially conservative suburban voters tend to support the promise of research that they think might cure their parents' Alzheimer's or their children's dia-

betes. It fell to Senate majority leader Bill

Frist, once a Bush ally on stem cells and a heart surgeon himself, to break with the President and build a compromise package with something for everyone to like. One bill increases funding to explore sources of stem cells other than embryos, such as umbilicalcord blood. Another proposal outlaws trade in tissue produced by "fetus farming," pregnancies that are aborted specifically to harvest the tissue for research. ("As far as I am aware." Frist admitted when he announced the bill, "this is not a method currently employed. But it is not out of the realm of possibility.") The part that inspired the promise of Bush's first veto was House Resolution 810, which would allow federal funding for research on any leftover embryos donated by fertility-clinic patients.

Leaving aside election-year sensitivisupporters point to the moral logic of their position. Leftover embryos are routinely thrown away, surely there is no sin in scientists' deriving potentially lifesaving treatment from them first. Opponents respond that there is nothing to stop scientists from doing that. The issue is federal funding, which Bush believes should focus on research that does not require the destruction of embryos. But aren't those particular leftover embryos already doomed? "We don't take death-row inmates and use their organs either," says David Christensen, the conservative Family Research Council's director of congressional affairs. "We should not kill humans for body parts, at any stage of development."

Feelings run so strong on this issue that opponents have built a practical case to bolster the ethical one. The promise of embryonic stem cells has been oversold, they argue, while actual progress using adult stem cells has been overlooked. Though advocates talk longingly about the 400,000 frozen embryos in fertility clinics, a Rand Corp. study in 2003 found that 86% of them have been designated by patients for their future use or someone else's-there are approximately 100 "snowflake kids," children born from adopted frozen embryos-and only 2.8% for research. Even if that number rose with the release of federal funds, the healthiest embryos are the ones that get implanted, and the act of freezing and thawing embryos may do damage as well. Rand estimated that at best perhaps 275 viable lines would become available. That's 10 times the number now

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being studied using federal funds, but they would not provide the quality, quantity and genetic diversity that scientists seek.

The good news for all sides is that over the course of this long argument, researchers have learned more about how stem cells work, and the science has outrun the politics. Adult cells, such as those found in bone marrow, were thought to be less valuable than embryonic cells, which are "pluripotent" master cells that can turn into anything from a brain cell to a toenail. But adult cells may be more elastic than scientists thought, and could offer shortcuts to treatment that embryonic cells can't match.

Researchers have discovered that many tissues and or-

gans contain precursor cells that act in many ways like stem cells. The skin, intestines, liver, brain and bone marrow contain these stem cell-mimicking cells, which could become a reservoir of replacement cells for treating diseases such as leukemias, stroke and some cancers. "Brain stem-cells can make almost all cell types in the brain, and that may be all we need if we want to treat Parkinson's disease or ALS," says Dr. Arnold Kriegstein, who directs the University of California at San Francisco's Institute for Regeneration Medicine. "Embryonic stem cells might not be necessary in those cases." When it comes to treating heart disease, "if you could find a progenitor cell in the adult heart that has the ability to replicate," says Douglas



Melton, co-director of the Harvard Stem Cell Institute, "then it's likely easier to start with that cell than begin with an embryonic stem cell. which has too many options."

Cheerleaders for adult stem-cell research point to progress on everything from spinal-cord injuries to diabetes. Scientists at the University of Minnesota have used umbilical-cord-blood stem cells to improve some neurological function; in a paper published last month, Dr. Carlos Lima in Portugal wrote about restoring some from function and sensation in a few paralyzed patients. At a recent conference of researchers from around the world, a team from Kyoto University in Japan reported success in taking a skin cell, exposing it to four key

growth factors and turning it into an embryo-like entity that produced

stem cells—all without using an egg. The Kyoto group has submitted its work for publication, after which it will be open to the scrutiny of the scientific community. If successful, it could turn stem-cell science from a tedious, finicky process into a relatively straightforward chemistry project.

and the street project. All this progress, however, does not yet mean that the demand for embryonic cells will disappear. Most adult organs just don't have enough stem cells to deploy as treatment, and adult stem cells are even harder to grow than embryonic ones. One goal of research is to help scientists understand how embryonic cells duplicate themselves perpetually. When it divides, a stem cell will occa-

sionally create two different daughter cells, one that will continue to develop like any other cell and another that retains the ability to continue dividing indefinitely, thereby giving the cell line its immortality. "Unlocking the secrets of self-renewal will most likely involve studying embryonic stem cells," Kriegstein says. "And by understanding better how they work, we might be able to use that information to actually engineer adult stem cells to do the same thing." Then the discussion over how to handle an embryo could move into another phase, and maybe even leave the politics behind. -With reporting by Mike Allen and Massimo Calabresi/Washington

For continuing coverage of the President's stem-cell decision, go to time.com

# EMBRYONIC ALTERNATIVES

# ADULT STEM CELLS

Researchers have long known that stem cells can be found in bone marrow and the cord blood from newborns. They're now discovering that other tissues also generate their own unique stem cells.

PRO Adult cells are easily extracted and have no moral strings attached.

CON They're not nearly so versatile as their embryonic counterparts.

# LEFTOVER IVF EMBRYOS

Hundreds of thousands of excess embryos sit in frozen storage in IVF clinics. It's highly unlikely all of them will be adopted, so why not donate some to medical research?

PRO Could obviate the need to create new research embryos.

CON Some still object to any medical use of "orphan" embryos.

# "DEAD-END" IVF EMBRYOS

Many IVF embryos are doomed because their cells stop dividing. Instead of simply discarding them, it is possible to salvage them for stem cells.

PRO Since those embryos have no chance of survival, there's no concern over ending a potential life.

CON Scientists worry about the presence of possible genetic defects.

# ALTERED NUCLEAR TRANSFER

The "Dolly" technique is tweaked, making it possible to create cloned living tissue that cannot develop into full human organisms.

PRO It's the biological equivalent of a lung in a petri dish and could provide unlimited capacity to grow specific cells. CON For now, it's still mostly theory.

## NUCLEAR REPROGRAMMING

This is the ability to transform any cell into the equivalent of an embryonic stem cell. It is the holy grail of biology.

PRO Reprogramming cells could cure cancer and reverse paralysis—for starters.

con Such a lofty scientific goal may be decades away.

### James Poniewozik

# **You Can't Bury the Truth**

# A Democratic ad showing coffins makes war deaths political. They should be

OU KNOW THAT WAR WE'VE BEEN FIGHTING IN IRAQ?
Apparently Americans have been dying in it. This treacherous revelation was made in an Internet ad by
the Democratic Congressional Campaign Committee
(DCCC), which uses images of flag-draped American coffins to
arguse for tossing out the C.O.P. majority. It took the Republican
leaders more than a week to notice the ad existed, but when they
did, the response was fairly predictable. "To use those images to
rally Democrats and raise money I think is appalling," said House
majority leader John Boehner.

The ad is not exactly subtle. Images of despair flash by: the coffins, soldiers near a burning car. Katrina victims at the Superdome, a gas-price sign. A red banner appears-red evil! Red scary!-reading, THINGS HAVE TAKEN A TURN FOR THE WORSE. We see Vice President Dick Cheney baring his teeth as if to take a bite out of a baby. Then a blue banner emerges-blue good! Blue safe!-as DCCC chairman Rahm Emanuel talks to cops and a toddler smiles in a swing. The caption assures us, BUT AMERICA IS STRONG ENOUGH TO CHANGE.

O.K., the ad is a tad political.

But politicizing? You can't politicize a war—because wars are political to begin with. Politicize a war—because wars are political to begin with. Political leaders decide to fight them; elections determine what course they take or if they are fought at all. And Republicans have used harsh pictures in advertising too. The 2004 Bush campaign used images from the World Trade Center, including firefighters carrying off a flag-draped body—and was criticized for it by the Kerry campaign. (Indeed, Bush admaker Mark McKinnon told the New York Times he thought the Democrats' use of the coffin pictures was entirely appropriate). After 9/11, former New York City Mayor Rudolph Giuliani was one of the strongest advocates of showing horrible visuals of the attacks, to ensure that we never forzet.

The fact is, contrary to the dictum that politics should stop at the water's degle, political decisions sure don't stop there. And their repercussions don't tap on the brakes when making the return trip, as the coffins starkly show. The message of the ad is simple and, in a democracy at war legitimate. Let's get rid of the guys who signed off on this. (The fact that some of the guys who signed off were Democrats is an inconvenient subtlety the ad elidies.) You can disagree with its argument, but to have that argument in an election—with plain words and ves, images—is right and necessary. The coffin flap is just the latest battle in a campaign to make the acknowledgment of American deaths in the war a traitorous act, as when conservatives assailed Ted Koppel for reading the names of war dead on Nightline in 2004. And it ruises a question more important than a midsummer political blip: Why, after more than three years, are images of coffins returning from a war controversial at all?

Answer: Because the government has worked to make it so, and too much of the media has acquiesced. The Department of

Defense, claiming the interests of families, has enforced a han on photos and videos of coffins, and although journalists complained. it took an independent blogger (Russ Kick, at www.thememoryhole.org) to find and publish military photos of the caskets at Dover Air Force Base. And unlike in the Vietnam war, images of battlefield dead. even when available, rarely make it into the American media, in part because of concerns that they would seem intrusive or distasteful. We will spend millions for pictures of Angelina Iolie's baby, but we hesitate to part with a dime of

we hesitate to part with a dime of audience capital for the biggest story of the age.

Yet the public may not really be so squeamish. In a 2003 CBS News/New York Times poll, two-thirds of Americans disagreed with the ban on coffin photos. This year, when HBO aired the gory documentary Baghdad ER, about a military hospital, 3.5 million people watched, a huge number for a cable documentary. It's not clear, for that matter, that seeing the horrors of war plays against Republicans at all. Images are hard to control. Pictures of war dead could produce a rallying effect—finish the job, get those who did this to us. And there's a school of thought that, good news or bad, focusing on national security only helps the C.O.P. President George W. Bush was pulled into that brira patch in 2004 and came

The most affecting argument against making the coffin photos explicitly political is concern for the families of the dead. But their beliefs about the images—and about the war—are not monolithic, and their interests, sadly, are not the only ones at stake. Just as our troops fight for all of us, they also die for all of us. Families, pundits and pols can disagree on what the flag that shrouds those coffins stands for. But that flag is not, and should never be. a blindford.

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Bazaar Bazaar

Egyptian CEO Naguib Sawiris has expanded his cell-phone interests to Israel. He aims to become the world's No. 1 mobile operator

PHOTOGRAPHS FOR TIME BY BARRY IVERSON

### BY SCOTT MACLEOD CAIRO

WITH ALL THE TURMOIL IN THE MIDDLE EAST, FEW TOOK much notice when Egyptian businessman Naguib Sawiris signed a deal last December involving a firm from a neighboring country. This was no routine transaction. Sawiris, CEO of Orascom Telecom Holding SAE, in Cairo, purchased 9.9% of Partner Telecommunications Co. Ltd., in Tel Aviv, considered to be the biggest investment, valued at \$150 million, ever made in the Jewish state by an investor from an Arab country. Sawiris expected the rebukes he received from some fellow Arabs for doing business with Israelis even as the Israeli-Palestinian conflict still rages. But he insists that such deals will benefit the region by forming business bridges. "This is a very big step," says Sawiris, sipping an espresso in his 26th-floor office overlooking downtown Cairo, the Nile River and the Giza pyramids. "I am betting that peace will prevail in the end."

That's a nice sentiment. But what ▶ Adham Nadim mainly drove the Partner deal is Sawiris' ambition to succeed everywhere he can-Israel included-beyond the borders of the Land of the Pharaohs. He is part of a new generation of entrepreneurs that, at

and workers at his factory in Egypt build furniture to be exported throughout the Middle East

last, is taking Arab business global. The obstacles continue to be immense, from corrupt bureaucratic Arab regimes and regional conflicts to anti-Arab bias in the West. Arab tycoons are still seething over the way political pressure forced Dubai Ports World to abort its buyout of U.S. port operators earlier this year.

Nonetheless, more Arab businesses are breaking out of the bazaar, using know-how gained from negotiating the Middle East or simply leveraging the financial power provided by the current oilrevenue bonanza to conquer markets far from home. Whether they sell traditional carpets and inlaid furniture or deal in mega real estate developments and cell-phone services. Arabs are moving their wares across the Middle East and throughout the world. "There is no escaping it," says Egyptian Minister of Trade and Industry Rachid Mohammed Rachid, a former Unilever executive and a leading Arab voice for globalization. "We have to make the region integrate with the rest of the world, and we have to be competitive."

For Rachid, Sawiris is the model Arab globalist. He is intent on making Orascom no less than the world's No. 1 cell-phone operator, a dynasty that will dominate the sector with a handful of others following the industry's inevitable consolidation. His recent investment in Israel is merely part of Orascom's \$1.3 billion acquisition of a 19.3% stake in Hutchison Telecom, based in Hong Kong. Sawiris seeks to increase his stake to 51%, thereby extending Orascom's reach to Southeast Asia through Hutchison's businesses in India, Indonesia and Vietnam, From relatively small beginnings less than a decade ago, when it established Mobinil in



Egypt, Orascom, which trades on the Cairo-Alexandria stock exchange but is controlled by Sawiris' Rome-based parent company, Weather Investments, became a major presence throughout the Middle East. Sawiris also moved into Pakistan and Bangladesh before he revealed the full extent of his global ambition last vear with a risky, leveraged \$15 billion takeover of Wind, an Italian cell-phone network-Europe's largest private-equity buyout

# middle east



- Saad Sallam inspects copper tubing used in refrigerators to be sold beyond the Egyptian market
- ▼ Helmy Abouleish takes the time to smell the marigolds at his biodynamic agriculture company northeast of Cairo





# A Region's Rise The GDP of the Middle East and North Afficia continues to expand \$500. In Billion of carent U.S. dollary South Continues to expand 105. Souther World Bask 194. 196. 198. 100 102 104

and the biggest investment ever made on the Continent by an emergingmarket dealmaker. "Globalization," he says, cocking an eyebrow to emphasize the point, "is not a one-way street."

Taking risks has served Sawiris well, even if he has had to take some hard knocks, Middle East-style. One of his first ventures beyond Egypt was in strife-torn Algeria, where his suc-

cessful 2001 bid for a cell-phone license turned out to be twice that of his nearest competitor, which led to the creation of an operator called Djezzy. Soon he had turned Orascom's \$400 million investments into an usest worth some \$4 billion. Later, in 2003, it was the same story in Iraq: Orascom set up the country's first cell-phone network, IraQna, after the fall of Baghdad. He invested \$40 million in IraQna's startup, which he estimates is now worth \$2 billion.

The human cost has been far greater: II members of IraQna's workforce of 400 have been abducted by terrorists, and two remain missing. Sawiris once shut down IraQna for a couple of days to compel the release of some of his employees. Insurgents, he explains, don't like to be without service. And IraQna has turned out to be a relatively safe bet financially compared with Orascon's adventures in Syria and Yemen, where Orascom was muscled out of partnerships in both countries, says Sawiris, with the Arab regimes there affording no protection or legal recourse. That behavior wort cut it much longer, and governments like Egypt's now realize that Arab businesses have to play by a new set of rules and on a much bigger field. "We are no longer looking at Egypt as our market," says Saad Sallam, chairman of Olympic Group in Cairo, which is increasing its exports of refrigerators, stoves and other home appliances to other Arab countries. "The region is our market."

Sallam's father started the business in 1939 but lost everything when Egyptian industries were nationalized in 1963. The family struggled back with small enterprises, at one point transforming a waste product generated by Ideal, another nationalized appliance company, into decorative moldings. Sallam's business has been transformed with Egypt's gradual implementation of economic reform, notably since 2004, when Prime Minister Ahmed Nazif took office in a Cabinet that included leading ex-businessmen. Sallam, who retains a 52% stake in the company, credits the government's moves to devalue the Egyptian currency, reduce tariffs and slash corporate taxes with enabling Obmine exports to take off.

Another family firm exploiting a more favorable business climate is Nadim. Once a maker of traditional furniture for Arab oil sheiks, it is becoming a producer of modern designs for trendy European and American boutiques. EEO Adham Nadim is spearheading a strategic partnership with the government to boost Egypt's furniture exports from \$200 million to \$1 billion by 2010.

# middle east



# Emerging pro-business Arab governments are making it easier to go global

The government lured Helmy Abouleish from his job running Sekem Group, an organic-food exporter, to head the government's Industrial Modernization Center. "Globalization is coming, whether we like it or not," says Abouleish. "Can we survive five to 10 years down the road? Industry has to be the engine of growth for economic development."

Government reforms have helped, but it is innovation that has made Mohammed Farid Khamis, founder and CEO of Oriental Weavers Carpet Co. in Cairo, the Pharaoh of Egyptian exporters. Starting with a single loom in 1980, he has become the leading

Starting with a single ison in 1980, he producer of machine-woven carpets in the world. From a string of factories in the in-dustrial 10th of Ramadan City, 34 miles northeast of Cairo, Oriental Weavers ships 70 million sq. ft. of carpets a year, yielding \$280 million in revenues. Its customers include such retailers as Wal-Mart, Home Depot, Ikea and Carrefour. With 63% of the shares held by the Khamis family, the firm has a capitalization of \$800 million.

A factor in the company's success, explains Khamis' daughter Farida—who, like her sister Yasmine, is a vice

Aramex's Fadi Ghandour, far right, greets a customer. His Jordan-based delivery company is rapidly expanding president of the firm—is that Oriental Weavers has been globally competitive from the start and has never relented. Khamis shatterid industry standards by introducing the world's first 1 million—point carpet and created variations all the way up to 6 million point.

Oriental Weavers has been adding capacity at 20% annually since 2003 to meet demand for its value-for-money products. That includes a small weaving facility outside Atlanta to reduce lead times for urgent U.S. orders. Eyeing a huge potential customer base in Asia, the company opened a plant in Tianjin, China, this year that will serve the Chinese market. Lately it has been having fun with a

deal to produce carpets with the Andy Warhol Foundation, using the artist's designs. Farida Khamis says the company aims to become a market leader in a new product line: home textiles. It has inked deals to make sheets and towels for such brands as Cannon and Fieldcrest (whose parent, Pillowtex, closed its U.S. mill in 2003). "We have not reached our



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### TIME GLOBAL BUSINESS

▼ By June, U.A.E.'s Emaar Properties had completed 50 floors of Burj Dubai, part of a \$50 billion project Reaching 2,300 ft. high, the Burj Dubai tower will be the world's tallest skyscraper



# Obstacles—including corrupt regimes and regional conflicts—continue to be immense

maturity," she explains. "We want to become even more global, penetrating markets we did not sell to before."

Over the past three years, Emaar Properties, an outfit in the United Arab Emirates, has become one of the world's leading real estate developers. Emaar was founded in 1997 by ruler Sheik Mohammed bin Rashi al-Maktoum to lead the Dubai construction boom. The 70/30 business-government partnership, run by chairman Mohammed Ali Alabbar, started taking its expertise on the road in 2002, achieving a market cap worth \$20 billion. Currently, in addition to constructing Burj Dubai, touted also the world's tallest skyscraper, Alabbar is busy with undertakings from hotels in Miami to a convention center in Hyderabad, India. His eye-catching projects include the \$26.6 billion construction of an entire new metropolis in the Saudi Arabian desert to be called King Abdullah Economic City and a global hotel and condo partnership with Italian designer Giorgio Armani.

Some of Emaar's success is explained by the nearly 300% rise in oil some of Emaar's success is explained by the nearly 300% rise in oil newspected new revenue into Arab investments. But much off it is also due to the savvy of executives like Alabbar, who can put Emaar's clout to advantage. "You go where your \$100 million will work hardest," says Alabbar. "I'm looking at developing economies. Mature economies like those in Europe are not that exciting compared with India, which is growing at 7% or more. I'm looking eastward seriously, toward China." In July Emaar became the first Middle East property developer to open an office there.

Fadi Ghandour, CEO of Aramex International, a company based in Araman that competes with the likes of Federal Express and DHL, didn't have oil money to back him. Ghandour founded



the firm in 1982 after studying at George Washington University. His plan was to become the Middle East middleman for the big U.S. and European shipping firms

Aramex made its name in part by going where others feared to tread, getting mail across Beirut's green line during the Lebanese civil war and using donkeys to get parcels past Israeli checkpoints in the West Bank, Ghandour got his break when FedEx and later Airborne Express made Aramex their Middle East partner. The U.S. firms gave Aramex invaluable lessons in everything from quality control to technology. When

DHL acquired Airborne and dropped Ammex, Chandour learned another lesson: the turnaround. He got busy marshaling the regional players that Airborne had left in the cold into a new allaimee. A leader in the Middle East and South Asia, Chandour is looking for acquisitions in the U.S. and China. "Things are very heetic," says Chandour, who shuttles between Amman, Dubai, Beijing, Dublin and New York City. "It's a whole new ball game. But we are ready for it."

As will be more Arab businesses. A milestone toward integrating the 300 million Arabs living between Morocco and Bahrain was achieved in January when Arab states signed a Middle East freetrade agreement that had been in the works for decades. Some countries have slashed tariffs to zero under the pact. Already, according to Egypt's Trade Ministry, inter-Arab trade rose 22% in 2005 compared with a 4% rise three years earlier. Last month an Arab trade-ministers meeting in Cairo took up the technical yet crucial issue of adopting common product standards. "There is a reshaping of the landscape," says Hassan Heikal, CEO of EFG-Hermes Holding SAE, a Cairo investment bank, over cocktails at the Four Seasons First Residence-itself the product of a partnership among a local investor, a Saudi prince and a Canadian hotel mogul. "There is a new breed of CEOs who are willing to go outside their own borders and take risks. I'm very bullish on the Middle East for the next 10 to 20 years." With that, Heikal, considered the whiz kid of Egyptian high finance, was off to dinner with another of Cairo's leading young CEOs-ready to take on the world.

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# Q&A Alcan's Metal Maven

Positioning aluminum to become a "precious" commodity again

WITH A 37-YEAR CAREER IN THE ALUMINUM INDUSTRY, HANDLING coups and monetary crises, Richard Evans, 59, is no stranger to challenges. After four months as CEO of Montreal-based Alcan—the world's No. 2 aluminum producer and the market leader in such products as bals as wood and Stelvin wine caps—the record-making fly fisherman spoke with TIME'S COCO MASTERS about energy efficiency, China and his Audi S8.

### In nearly every industry, we see evidence of how doing good is good business. How is Alcan doing good?

Alcan's environmental-health and safety program, EHS First, has resulted in a substantial reduction in injuries and illnesses, and improvements in our environmental footprint. We work with aboriginal peoples to provide training and employment in Australia and Canada and have a U.N.-recognized initiative in Cameroon, where we have reduced the AIDS level in our workforce and further taken the program outside the plants to help the entire community.

### What initiative have you just inked in Ghana?

The development of bauxite reserves and a large potential in investment for an alumina refinery. We also announced sustainability initiatives with local communities as part of the global compact under the U.N. This is a three-year commitment on safe water.

### Where else is Alcan expanding?

We have a list of six or seven expansion opportunities. The one in Oman will be finished in early 2008. Oman was chosen because of its abundance of natural gas. We're considering expanding our Iceland plant based on geothermal electricity- erry clean, renewable electricity at reasonable cost. That fits into Alcan's philosophy of developing energy resources to support our smelting and is similar to what we've done in Canada, where we own our electric requirements and generate it through hydropower.

# Aluminum is energy intensive. How are you improving efficiency?

We have upgraded to AP3S and have AP50 under development. AP originally stood for Aluminum Pechiney, and it is numbered by the ampenge of the cells. So AP3S is technology that uses 350,000 amperes. It improves the capital efficiency of the plant after the energy efficiency of using the electricity. Today it's about 95% efficient, whereas when I started 30 years ago, 55% was typical.

# How is China's appetite for metal going to affect aluminum supply and prices?

China has built more capacity than they

have electricity to support or alumina to feed operations. This has driven up the price of alumina because they're a big importer of alumina. Over the next two to three years, some of that capacity will be activated, but probably not all of it. In the mild-to longer term, China will be in balance. It will not be an exporter and could even go into deficit and be an importer [of aluminum]. That would be good for the world aluminum market. The price of aluminum going forward will be higher than it has been historically.

# What should people keep in mind when considering aluminum's use today?

It is one of the most energy-efficient materials for transportation and building. Substituting 1 ton of aluminum for  $2\frac{1}{2}$  tons of steel saves 20 tons of  $CO_2$  over the life of the vehicle.

# You and your wife drive two all-aluminum vehicles?

I drive an Audi S8. She drives a Jaguar XJ8.

# So why don't U.S. automakers use more aluminum in their vehicles?

There's more focus on efficiency and performance in Europe. With energy prices back up in the U.S., my guess is that there will be a renewed interest, but they've fallen behind European competitors in the technology to lightweight their vehicles.

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BY JEFF ISRAELY

IT'S NOT THE FINE-DINING EXPERIENCE YOU MIGHT EXPECT AN AGNELLI would prefer. The anointed heir to Italy's greatest industrial fortune is settling into his chair at Vittoria, a homespun Torino trattoria where plates clank every time the nearby kitchen door swings open. But for John Elkann, the 30-year-old who is vice chairman of both Fiat and IFIL, the Agnelli family's \$7.7 billion holding company, it is the perfect setting for a power lunch. "You know why I really like this place?" he asks,

lowering his voice and widening his eyes. "Because it's fast."

Those are the words of a young man on the move. It has been nine years since he was handpicked by his grandfather Giovanni (Gianni) Agnelli to be next in line to take the reins of the family's vast automotive and financial empire. And while Fiat's fortunes have roller-coastered, Elkann has been methodically groomed for the throne of one of Europe's legendary financial kingdoms. Guiding an entrenched business dynasty in a competitive global marketplace is a tall order for the tall executive—a lofty 6 ft. 2 in.

though still baby-faced. "He is now the point of reference for what is quite a sprawling family empire," explains Giuseppe Berta, a professor of economic history at Millars's Bocconi University and author of the recent book The Flat After Flat. This is a delicate moment. Elkans is still rather young, and there are some conflicting ideas within the family about their holdings. But he is the only one who can lead them into the future."

Of course, the prize is not yet Ellann's. Although his decision-making role and public presence have recently begun to swell, Fiat chairman Luca di Montezemolo and coco Sergio Marchionne are still largely in charge. The Fiat Group, which counts CNH tractors and Iveo trucks among its holdings, has been buoyed recently by strong numbers from its once suffering automobile division. Under the turnaround leadership of Marchionne, European sales of the auto group (which includes the Fiat, Lancia and Alfa Romeo brands) jumped 23.3% in the first five months of this year, representing nearly half of the overall company's revenues. With Fiat rolling toward recovery—and his increasingly central role in the holding company's day-to-day management and the dynasty's long-term destiny—Elkann decided to give his first-ever extensive interview. He spoke with TME about his rapid rise in Italy's leading business family, Fiat's struggle to adapt to a long to the stress the remess family, Fiat's struggle to adapt to a

and sick. The financial community didn't support us anymore. At that point, you have the choice to let it go or try to fix it."

The public outpouring in Italy when Elkann's grandfather died sealed the family's decision to commit to Flat's future, even if it meant the hard work of selling assets, overhauling management and reinvesting in the core company—hardly the typical Italian way of doing business. This country paid a great tribute to my grandfather," Elkann says. "It was a family feeling to respond."

Although his ascendancy to the Fiat throne unfolded like a Victorian play, Elkann line. "It was a gradual process of being tested and wanting to be tested," he says. "[Agnelli] saw that I was committed to the work. He believed you should do what you like doing in life. He believed in people developing the capabilities they're most suited for."

Fiat (Fabbrica Italiana Automobili Torino) was founded in 1899 by wealthy Torino landowner Giovanni Agnelli, who imported Henry Ford's assembly line. Agnelli chose his grandson Gianni as his business heir after Gianni's father was killed in a 1935 plane accident, just as Gianni would later anoint Elkann. With his



Agnelli, a titan in every sanse, utared his grandson for stucession

shifting global playing field and a young man's relationship with his famous silverhaired grandfather.

The death of that formidable figure and of Gianni's younger brother Umberto Agnelli, both from cancer within 16 months, created the vacuum that forced Elkannthe eldest child of Gianni Agnelli's daughter Margherita and French-Italian writer Alain Elkann-to step to the fore ahead of schedule. He did so amid a two-year corporate crisis that began in 2002 when weak management damaged brand image and forced a \$3.8 billion bank bailout to stave off potential bankruptcy. "If the situation had been different, I might have had more time to ease into the job. But I was forced into the middle of a bad moment," Elkann says. "The company was being mismanaged. The family leadership was aging

insists that it was "very natural." Born in New York City and raised in Britain, Brazil and France, he returned to his parents' hometown of Torino to study engineering at the rigorous Politecnico University. That was when Elkann began to pass Sundays on the family yacht and afterneons at the Fiat offices with his grandfather. Speaking from his corner office, the same space Agnelli once occupied, Elkann recalls how he first inched into the family business under his grandfather's watch. "I saw him here or maybe on the boat," he says. "I would ask questions, and he always responded."

Not yet 20, Elkann clearly had a deep drive for business. Between his university exams, he would forgo vacations to embark on internships within the company's holdings—at an English headlight plant, a French Fiat dealership, a Polish assembly aquiline features and elegant but easygoing manner, Elkann certainly evokes his grandpa, among the 20th century's most admired business leaders and the epitome of globetrotting savoir faire.

Such leadership is vital in a dynasty with a Kennedyseque whilf of tragedy. The originally anointed successor to Gianni Agnelli was Umberto's eldest son Giovanni Alberto, who died rather suddenly from fast-spreading stomach cancer in 1997, at 33. Gianni's only son Edoardo committed suicide by jumping from an overpass 2000. Last year Elkanni's younger brother Lapo, head of Flat marketing, nearly died from a cocaine overdose.

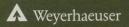
Elkann immersed himself in business instead. After getting his degree, he entered General Electric's highly competitive corporate-audit-staff program, in which he



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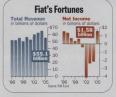
# The company has been looking for expansion possibilities in India and China



got hooked on high finance. That bent will come in handy as he focuses on IFIL, Italy's largest holding company, with stakes beyond the car business in banking, corporate consulting and publishing.

Now more than ever, the dynasty's future will be anchored by Elkann, known to friends and family as Jaki. Although the new cappfamiglize of the Agnelli dynasty has made high-profile appearances at a number of important business events, it was his response to the recent match-fixing scandal consuming Italy's top soccer club— Juventus, which the Agnelli family has owned since 1923—that earned him the most plaudits. When evidence emerged that Juve (think New York Yankees) was implicated, he swiftly replaced management and established a new team code of ethics. In Italian sports, that was revolutionary.

Most important for the long-term strategy of IFIL, Elkann spearheaded the family's decision last September to push its stake in Fiat above 30% for the first time since the bank bailout. He did so over the loud protests of his second cousin Andrea Agnelli, also 30, son of Umberto and a Fiat board member. Differences of opinion are part of every family, Elkann notes, but he insists that he aims to bring all into the fold, citing his grandfather's views. "He believed that leadership is consensus," Elkann says. "He won the support of the family and business partners and the community. He believed you lead by getting the best from the people around you."



Elkann has won the support of IFIL chairman Gianluigi Gabetti, 81, among Agnelli's closest confidants. Elkann and Gabetti get credit for picking Marchionne. the man largely responsible for the carcompany turnaround. Besides launching two successful new models. Panda and Grande Punto, and streamlining management, Marchionne personally negotiated the deal that forced General Motors to pay \$2 billion to Fiat to free itself from a put option in the companies' 2000 joint-operating accord that could have compelled the U.S. automaker to buy Fiat outright. In the coming years, however, Elkann is expected to become the singular face of Fiat.

That's O. K. for appearances, says Bocconi historian Berta, and he thinks that the family's continued financial presence is important for Fiat's stability but the professional managers should run the shop. Another Gianni Agnelli, Berta says, would be impossible today. "Elkann must fulfill the role of chief stockholder. That means being less of a presence in the operation of the company than his grandfather," he says. "Back then, Fiat acted like an institution in Italy. Fiat has to behave like a normal company."

Gone are the days when nationalism and protectionism meant that as many as 55% of cars sold in Italy were Flats. Now the company needs a genuinely global approach, which includes pursuing local aliances to build specific products, much like a November deal inked with Fort to jointly turn out compact cars in Poland. Flat, which is particularly strong in Brazil, has been looking for expansion possibilities in India and China.

Yet Elkann may be especially suited for such global challenges, having grown up on three continents. "Moving around, you adapt quickly to environments," he says." If you are competent in many things, you don't have the depth of knowledge in any one field. I'm more long than deep. But fortunately for me, the family's interests were already diversified by both business and geography."

Along with sports and the family business, a passion Elkann shared with his grandfather was art. The creative DNA has multiplied through his author father and painter mother. 'Artists have a sensibility that others don't have,' he says. 'They have a way of reading into the future.' And so, in their own way, do business leaders. They just tend to have less time.

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### TIME GLOBAL BUSINESS

# John E. Pepper Jr. A GOOD GAMBLE

When he was CEO of Proctor & Gambile, John Pepper was one of several pinle resos forced to disrupt its chummy or opprate culture. As the newly appointed nonexecutive chairman of the Walt Disney Co., he may aim to keep things calm. A shareholder revolt forced the board to remove CEO Michael Eisner as chairman in 2004 and opt for an onexec chair. Although Pepper lacks media experience, A.G. Edwards analyst Michael Kupinski says Disney will benefit from Pepper's global-branding background as I texpands worldwide. With shares up 30% since October, Disney's shareholders have been as quiet as a you-know-what. — \*P. \*Mile Norwell\*\*

# People to Watch In International Business



# Louis Gallois and Christian Streiff LIFTOFF

How many CEOs does it take to run a pan-European defense company? The answer is still two, for European Aeronautic Defence & Space Co. (EADS), owner of Airbus. And that might still be one to omany, Delays in building the A380 megajet led to the ouster of EADS co-CEO Noel spaces. The control of the Company of the Company

DaimlerChrysler. Streiff, from Lorraine, speaks German, But as Warren Bennis, leadership guru at U.S.C., says, "Chemistry is less important here than deciding their collective definition of success." Perhaps they can start with getting the A380 off the ground.—By Kathleen Kingsbury





# Patricia Woertz HIGH OCTANE

Renewable energy has got more interesting since Woertz, an executive at Chevron, was named CEO of Archer Daniels Midland Co. (ADM), a \$36 billion agricultural processor. The move suggests that ADM

which turns grains and oil seeds into syrups, flour, feed and other products-sees ethanol and biodiesel as bigger parts of its future, Indeed, last month Woertz announced "robust" investment plans for its ethanol business "Whether it's food, feed or fuel. I think there are great opportunities to portfolio," she says. So, what about running the largest woman-led company in the U.S.? Her focus is on leading the company, she says, not her status. -J.N.



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# **Market Movers**

Why some experts think red-hot exchange-traded funds are driving prices of metals, energy and more

BY JEFFREY RESSNER LOS ANGELES

LEE KRANEFUSS VIVIDIX REMEMBERS THE NERVE-RACKING LAUNCH of his exchange-traded fund IWM six years ago. As a top exec of Barclays Global Investors, Kranefuss held out big hopes for IWM, which tracks the benchmark index of small U.S. companies known as the Russell 2000. "I thought it could come out of the gate with huge trading volume, and it didn't," he says. Indeed, the fund languished for nearly four tortuous years.

But IWM is now a crown jewel in Barclays' family of exchange-traded funds popularly known as ETFS—and on some days it trades more than 100 million shares. This year alone, says Barclays, IWM's assets have risen in value about 25%.

ETFs are among the hottest products

hawked today by Wall Street. Tied to various indexes, countries, currencies, commodities or industry sectors, ETFs resemble mutual funds with some key differences. They are usually not managed, carry lower fees and can be bought, sold, optioned or shorted like individual stocks, endearing

them to institutional investors as well as oc-

ETFS are still a relatively small businesstotaling \$350 billion compared with some \$7 trillion invested in conventional U.S. mutual funds. But ETFs are attracting so much attention that some financial pros believe they're moving markets in certain precious metals, alternative energy, water and other areas. Those pundits suggest that gold ETFs-formed by trusts that hoard the glistening, 400-oz. bars in London vaultshave become reflexive, a term applied by billionaire investor George Soros. Think self-fulfilling prophecy. In this case, it means the new ETFs signaled a shortage of physical gold available, making the metal jump in price and thus luring more new buyers. Gold is up more than 35% since its first U.S. ETF was announced in late 2004.

Jim Wiandt, a co-author of the first book about ETFs and publisher of website IndexUniverse.com, says, "On its face, the daily volume of gold ETFs represents a drop in the bucket for the world market. But markets are reactionary to news, and



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there's no question that when the first gold ETF [GLD] came out, the market moved a lot.'

A Washington-based trade group, the Silver Institute, believes that Barclays'

downplays any notion that SLV, its gold fund IAU or, for that matter, any of its 184 other ETFS might have tilted global indexes. "ETFs as a whole represent about 5% of to-

# Some pundits think gold ETFs have become "reflexive"

launch of a new ETF called SLV played a key role in a recent run-up on that shiny metal. "Prior to the offering, Barclays placed 1.5 million ounces of silver with a custodian," reported the organization's Silver News update. "Anticipation of the ETF and other factors pushed silver to a 23-year high in mid-April." Morningstar analyst Sonya Morris explains that the silver market is "tighter" than other commodities and that "there was real concern Barclays' buying some huge stash to support their ETF was going to move the market." Interest-rate jitters and overheated speculation led to declining prices for most commodities beginning in May, however, and by the end of June, SLV was trading close to its lowest levels. Barclays

to drive markets," says Barclays' Kranefuss Though popular and efficient, ETFS aren't always appropriate for novices. But they do allow you to play the commodities game without open-ended risk. Still, currency and commodity plays are volatile, a place for your more speculative investing. Of course, as Jack Sparrow, the buccaneer portrayed by Johnny Depp in Pirates of the Caribbean, says, "Not all treasure is silver and gold, mate." Maybe he's invested in the Russell 2000.









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# global life

Resorts that offer truly local amenities are a new trick to luring gotta-be-hip travelers

BY SONJA STEPTOE

FOR THE VERY REASON PANCHO Villa cherished it as a hideaway in the early 1900s, the West Texas town of Lajitas, a stretch of 25,000 desolate acres on the banks of the Rio Grande near the Mexican border, hardly seems the ideal spot for an idyll. But lay down a strip of asphalt

long enough for a Lear to land, then build a rich dude's dude ranch loaded with Old West ambiance—and, voilà, Lajitas, the Ultimate Hideout, is born. The resort stands as a paean to cowboy culture, attracting wealthy city slickers and adventure seekers.

The chief reason: an imaginative collection of homegrown and hard-to-duplicate guest amenities that include custom-made leather cowboy boots and belts, spa treatments infused with extracts of the native agave plant, cattle drives, shooting contests, plates of rattlesnake cakes and wild-boar schnitzel, and overnight camping trips to a nearby ghost town. The West can be won for \$215 to \$825 a night. "To capture the attention of travelers, we have to offer a variety of indigenous amenities that create a unique experience at every turn," says Daniel Hostettler, managing director of the \$80 million resort development. "That's the way forward in the luxury market now."



The high-end resort business has long been a bit like those TV poker tournaments. As soon as one

▲ ► in Lajitas, in Texas, a traveler can get custom cowboy boots and walk in a real ghost town

innkeeper builds what looks like an unbeatable hand of perks, a rival somewhere raises the stakes. Not long ago, chauffeured Rolls-Royce service to and from the airport, monogrammed 1,000-thread-count bed linens, customized room décor and personal butlers were the last word in lavish amenities.

These days a growing number of proprietors are adding one-of-s-dini dindigenous attractions to the deck. "Now that every plush hotel has the same wonderful beds and beautiful marble, luxury resorts have to create unique personalities;" says Pam Danziger, president of Unity Marketing, a firm that tracks affluent consumers' spending habits.

The trend isn't confined to newer de-



velopments like Lajitas. Some of the world's most venerable hotel operators go to great lengths to give their guests a generous helping of local flavor. Oberoi Hotels built the first luxury tent resort on the edge

■ V Guests stay in luxury tents at Oberoi Vanyavilas, by the Ranthambhore Tiger Reserve in India of the rugged Ranthambhore Tiger Reserve in western India four years ago and put pampered fat cats





TIME BONUS SECTION, AUGUST 2006

global life



face-to-face with majestic big cats during private jeep tours through the jungle. More recently, the \$630-a-night Oberoi Vanyavilas resort purchased pachyderms to take guests on mahout-guided elephant rides through the countryside.

Trading on South Beach, Miami's precitor of risqué indulgence, Hyarts historic Hotel Victor on Ocean Drive aims to make its mark as a haven for vintage hedonism. Later this summer, the newly renovated septuagenarian property plans to sell a package

Prohibition-era

liquor and Cuban cigars dating to

of amenities that features

region, says Carlos Sarmiento, the Victor's general manager. "We wanted to do some thing that would distinguish us," he says. The old stogies, preserved in a humidor custom built by the supplier, Fumar

dor custom built by the supplier, Fumar Cigars, will be priced from \$200 to \$750 apiece and are meant to be savored either while the smoker reclines on one of the circular beds ringing a 25-ft. video screen on the hotel terrace or sits on the vir-only smoking

he VIP-only smoking veranda overlooking Ocean Drive. What

would make the \$10,000to-\$15,000 price tag he's attaching to a lopack of such singular smokes as a 1937 Partagas or a 1947 Francisco Farach go down smoother? Perhaps a pint of Kentucky whiskey bottled



during Prohibition or a fifth of Bacardi rum produced in Havana in 1936 that Sarmiento is throwing in with each purchase.

Dazzling as such indigenous luxuries are, however, Possidon Undersea Resorts intends to go them one better—and several leagues deeper. Later this year the company plans to start construction on the world's first luxury hotel on the ocean floor, near a private island in Fiji. The resort forecasts opening in 2008, with 48 beachfront villas and 24 underwater suites from which to view coral gardens and passing dolphins and sharks, according to L. Bruce Jones, company president. The rate for a week with two nights undersea and four aboveground will be \$15,000 a person, submarine rides included.

Poseidon

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on the ocean floor

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# **Will AOL Finally Go Free?**

Long chained to dial-up subscriptions, the company could open its doors wide to compete

By JEREMY CAPLAN

URING THE WEB'S INFANCY-LONG before Google was a site, let alone a verb-AOL reigned supreme and alone. But 17 years after modems squawked onto the debut dial-ups, competition has sped ahead, and AOL may finally be ditching its once lucrative subscription model for a more promising ad-driven approach.

Why? For AOL, for any company, fourth place just isn't good enough. With Yahoo!, Google and MSN having built better webtraps, AOL is preparing to reinvent itself to catch up. Its parent company, Time Warner (which is also TIME's parent), announced it will present a new plan for AOL on Aug. 2. The 2000 merger with AOL was supposed to be a cure for Time Warner's slow-growth old-media businesses, but it has been a financial disaster, costing Time Warner nearly \$100 billion in market value. AOL's inability to remake itself into a more Googleor Yahoo!-like business has been a drag on Time Warner's stock price, which ended last week at \$15.97, down 8% this year.

Since the Web's inception, Internet companies have struggled with a basic issue: Do they charge consumers for content or rely on ads? Now that PCs are ubiquitous and broadband is almost so, the free searchdriven model, perfected by Google, in which advertisers are charged for the eveballs they collect, has apparently won out.

Come August, AOL may fully embrace that strategy. To compete more aggressively for the expanding pool of Web advertising revenue, AOL is expected to throw the gates open to its previously private Web. "We'll be behaving more like a portal than ever before," says a company executive, who requested anonymity because he wasn't authorized to talk about the plans. (The company declined TIME's repeated requests for an interview.) As part of the switch, analysts expect AOL to stop charging a subscription fee to anyone who gets high-speed service from another provider and to offer free access to its content, including AOL.com e-mail addresses.

The move comes as demand for massmarket ads is heating up. Because of the limited availability of prime space on the Yahoo! home page, some advertisers who want that page are obliged to buy it as part of a package that supplies 30 million page views on the home page and an equal number of views on other Yahoo! properties. The price? A single day can cost \$700,000.

Yahoo! and Google continue to give away most of their new products, banking on the robust growth of the ad market, which last year yielded \$12.5 billion, up 30% from 2004, which was up 33% from 2003. By redeploying its resources toward broadening its audience, the rationale goes, AOL will be able to compete more efficiently,

loss of subscription dollars.

AOL has been building up to this moment since last July, when it made the AOL.com site free. Since then, it has begun offering several new services to attract more nonsubscribing visitors, launching TMZ.com, an entertainment site, and buying Weblogs, a blog network. The new In2TV service offers hundreds of free episodes of old TV shows like Wonder Woman and Growing Pains. All that free content helped lead to a 26% growth in AOL's advertising revenue for the first quarter of 2006, which totaled \$392 million. During the same period, Google's ad revenue grew 79%, to \$2.25 billion.

dropping, among other costs, the hundreds of millions it has been spending to attract new subscribers. The risk is that advertising sales won't grow quickly enough to offset the

"AOL is trying to rationalize its existence," says Drew Neisser, CEO of Renegade Marketing Group, a new media advertising firm in New York City. "If it weren't for IMing and inertia, it would probably be in even deeper trouble." The question facing AOL, he says, is whether the Web needs another general aggregator or whether the market is moving toward more specialized sites like YouTube and MySpace.

Ion Rosen, a former AOL executive who is now a senior vice president of Autobytel, a car site, says there's wisdom in AOL's portal plan-if executed properly. "If you get more unique users, that translates to more page views, which translates into more advertising," he says. It might be the right approach; it also might be too late.

# **AOL'S GIVEAWAY**



The plan expected from chief executive Jonathan Miller would expand AOL's free content, Broadband users would no longer pay for service. By boosting site traffic, the company would

SIGN-UPS ARE DOWN The number of AOL subscribers has declined steadily since 2003





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## WHAT INFLATION MEANS FOR ...

Prices and interest rates are up, but that isn't necessarily a bad thing

ENSIONS ARE SPIKING IN THE MIDDLE EAST, AND so is the price of oil, which reached \$77 per bbl. That's a record, and not a good one as far as motorists and investors are concerned. Nor is it happy news for inflation, which is already at a 16-year high largely because of surging fuel costs. Consumer prices of all stripes rose at an annualized rate of 5.2% in May-enough to take some of the fun out of shopping. But Ben Bernanke, Chairman of the Federal Reserve, is on the case. The Fed raised its benchmark interest rate by a quarter point last month, the 17th



straight increase, in its efforts to gently brake the economy by reining in spending. Retail sales fell ever so slightly in June, according to a Commerce Department report, but consumers hoarding money just to pay for gas won't help the inflation fight. The real test will come this week when the government announces how much consumer prices rose in June. Also keep an eve out for Bernanke's testimony before Congress on Wednesday. Here's why you should care about what he has to say. -By Jyoti Thottam and Barbara Kiviat. With reporting by Kathleen Kingsbury/New York

#### YOUR WALLET

While tame compared with the double-digit rises of the 1970s, oil prices are again the driving force behind inflation, with energy costs rising 31% at an annual rate so far in 2006. That ripples through the rest of the economy. showing up as fuel surcharges on services like airline tickets (up 7.9% so far this year) and higher prices on pretty much anything that travels before reaching a store. Even clothing has been inching up after months of deep discounting. "I wouldn't expect a lot of relief on gasoline prices." says Richard Berner, chief U.S. economist at Morgan Stanley. In addition to geopolitical tension, the hurricane season and its potential to disrupt refineries on the Gulf of Mexico lie ahead. And as we grudgingly get used to \$3-per-gal, gasoline-it's been nearly two years since crude oil broke \$50 a barrel-companies feel more comfortable passing along their own higher costs to customers.

... YOUR STOCKS Oil, war and stocks don't mix. When consumers get pinched by higher prices and pay more to borrow, investors are worried that they'll have less to spend, thus lowering overall demand for goods and services. That's already begun to happen. After growing 5.6% in the first three months of the year, the economy is expected to expand only 3% the rest of the year. That-and the uncertainty created by the Middle East fighting-has helped batter the stock

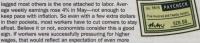
market; the S&P 500 is down 5% since early May. And rates are rising overseas as well. "It's not just the Federal Reserve," says Chris Burdick, director of economic analysis at Charles Schwab. "It's central banks across the globe." Until the Fed gives clear signals that it will stop the cycle of rate hikes-Bernanke took a waitand-see attitude last month-expect volatile times for stocks.



... YOUR BUSINESS Like many small business owners, Tom Zimmerman is scrambling to absorb higher costs without scaring away his customers by raising prices too much. He owns Spectrum Automation, a Detroit-area firm that makes parts for factory equipment, and he's trying a bit of everything. He has raised his bids on contracts he competes for, deferred buying

equipment to avoid debt and just recently shelved plans to add three jobs to his 20-person staff. "I wouldn't want to hire them if I couldn't keep them," he says. With a big new deal just signed and good news arriving from his health insurer (a 2% cut in costs), he may reconsider. But Zimmerman is certain about plans to overhaul his factory's heating and cooling system to make it more energy efficient-a move that puts him in a good position to handle future energy inflation. The companies that will thrive, economists say, are those that can deflect higher prices by boosting productivity.

... YOUR SALARY One indicator that has lagged most others is the one attached to labor. Average weekly earnings rose 4% in May-not enough to keep pace with inflation. So even with a few extra dollars in their pockets, most workers have to cut corners to stay afloat. Believe it or not, economists consider this a good sign. If workers were successfully pressuring for higher



inflation to come and lead to a spiral of rising wages and prices. It's the job of the Fed, Bernanke has said, to use smart policy to keep those expectations in check by consistently taking action as soon as inflation starts to cut loose. "The Great Inflation of the 1970s," as he calls it, is "an example of what can happen when inflation expectations are not well anchored." So as long as we can stand a little lead in our pockets, relief may be in sight.

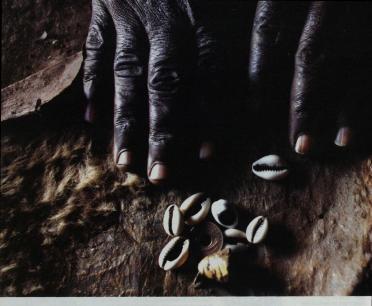
#### ... YOUR DEBT

Every time the Fed ups interest rates in response to inflation, that takes a bite out of anyone carrying a lot of credit-card debt or holding an adjustable-rate mortgage-the tools that have fueled the housing boom, particularly in the big metro areas of California and South Florida, Ann Johnson, 57. a saleswoman in Kansas City, Mo., cringes thinking about what could happen



to the mortgage that looked so appealing two years ago and wonders if she'll be able to sell her condo in a cooling market. "I tell my sister to keep that spare bedroom open for me," Johnson says, She also buys gas strategically on long trips to lower the cost of a tankful (hint: skip Kansas). Painful as it may be, that's exactly the effect that Bernanke is looking for, As consumers limit their spending, inflation follows suit and tapers off in turn.

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## **Calling All Healers**

African nations with few M.D.s ask traditional medicine men to pitch in on the fight against AIDS

By STEPHAN FARIS ALENGA



HEN AMERICANS THINK about the problem of getting modern medical care to the people in Africa who need it most, Anthony Okello is not the solution that comes immediately to mind. He's a

medicine man, apprenticed as a teenager to the wandering witch doctor who treated him for a fever that other doctors couldn't cure. When a patient goes to Okello complaining

of rashes and diarrhea, as Lucy Ajam did recently, he recognizes the typical symptoms of Auns for what they are. He immediately sent Ajam to the nearest hospital to start her on antiretroviral drugs (avvs)—an approach even a traditionalist like Ajam heartily endorses. "For minor cases, I still use local herbs," says Ajam, 51, a roadside bread vendor in Alenga, Uganda, a sprawling settlement overlooking the Nile River. "But it's the Awsy that are keeping me alive."

Like many other African countries battling AIDS, Uganda is struggling to make the

most of a sudden influx of dollars from First World donors like the Bill and Melinda Gates Foundation, whose disease-fighting war chest just doubled in size, thanks to a \$30 billion endowment from financier Warren Buffett. Uganda is planning to use its money to provide ARVs to every Ugandan who needs them, but the flood of money for medical care is running into a roadblock common in almost every Third World country; an infrastructure incapable of delivering it. In Uganda, for example, there is only one doctor for every 20,000 citizensand there far fewer doctors in rural areas like Alenga. It's a challenge simply to identify the needy in this country, much less ensure that patients stick to their therapies.



▲ ROOM FOR TRADITION?

Doctors are struggling to show respect for those who use folk remedies

▼ CONSULT Lucy Ajam, left, an AIDS patient, discusses her antiretroviral regimen with traditional healer Okello



By contrast, there's a practicing medicine man for every 150 Ugandans, which is why traditional healers like Okello are playing an increasingly important role. "Traditional healers are in the neighborhood, and they're open 24 hours," says Dr. Dorothy Balaha, executive director of Traditional and Modern Health Practitioners Together Against AIDS (THETA), an aid group based in Kampala, Uganda's capital. For 80% of the Ugandan population, traditional healers represent the treatment of choice.

But decades of suspicion and mistrust between African and European medicine practitioners aren't so easily overcome, and not every traditional healer is so eager as Okello is to pitch in.

Take, for example, Yahaya Sekagya. Like Okello, his history was shaped by medical trauma. As a teenager he was consigned to a mental hospital for visions he says were calling him to traditional medicine. "It was misdiagnosed and misunderstood by Western medicine," says Sekagya, 43. Although he ended up going to medical school-more out of contrariness than conviction-he also spent six years studying at a medicine man's shrine. Now he's the director of the Ugandan chapter of Prometra, a Senegal-based advocacy group promoting traditional medicine. Sekagya runs an outdoor school in a forest south of Kampala. About 100 students gather weekly under a leafy canopy. Instructors line up herbs on a thin wooden table cut from a single log. Along with the basics of hygiene and anatomy, students learn the identification and uses of local plants. Meanwhile, spiritualists chant, dance and drum to call down spirits and consult them for cures.

While Sekagya concedes that modern medicine is better at blood transfusions, rehydration and aligning compound fractures, he insists that traditional ways should not be dismissed simply because

they are not understood. "A Western yardstick is the wrong yardstick to regulate traditional medicine," he says.

He is also worried that expensive modern medicines may be smothering local knowledge, leaving the country dependent on foreign drugs and funding. "ARVs are not curing AIDS. They are improving the quality of life,"

Sekagya says. "Some traditional practices are doing the same. What attention are we giving to that? And if we come with ARVS and flood the whole system, will we lose those traditions?"

Uganda's medical establishment recognizes that to produce more Okellos they need to listen to the Sekagyas. Thus, the Ministry of Health is drafting a policy to regulate healers, and the Makerere University Medical School in Kampala is teaching students to respect traditional medicine—if only to learn what potions their clients are taking. "They are not going to control the behavior of their patients," says Samuel Luboga, deputy dean of education. "But by being hostile, they can prevent themselves from finding out [what their patients are doing]."

In the 'Apac district hospital near Alenga, where 'HIRT has encouraged the nurses to accept traditional approaches, it's not uncommon for patients to ask a healer for supplemental herbs or to check themselves out to seek traditional remedies. But even in Apac, the doctors are not so accommodating. Oxello carefulfils out referral forms provided by THETA. but they often come back with no comments or diagnosis. "We dor't get the feedback," says Okello, who takes it upon himself to make sure patients are following their regimens. "Maybe they feel it time wasting."

Resistance varies from country to country. Nigeria, Mali and Equatorial Guinea, like Uganda, are mainstreaming traditional practitioners. But in South Africa, legislation formalizing the role of healers has met stiff opposition from doctors. "Can you imagine the chaos that would take place in South Africa if traditional healers are allowed to authorize people to receive pensions and disability grants?" says Heinrich Botes of the non-morfit group Doctors for Life International.

The stakes couldn't be higher. With so many sick patients, so few doctors and the ever present risk that misused medicine will spawn resistant strains, promoters of ARVs in Africa can only hope that doctors and traditional healers will learn to get along. "There are so many who said, 'You're crazy to be giving ARVs in Africa,' says Dr. Michael Rich, the Rwanda director of Partners in Health, an aid group that pioneered community health care. "If we're not successful right now, then in 10 years people are going to say, 'See I told you so, it doesn't work," says Rich. "And the money will be gone." -With reporting by Megan Lindow/Cape Town

## A VERY SPECIAL WEDDING



SHARED JOY: Guests at the Lutheran rites included friends with DS

#### A new generation of people with Down syndrome are living longer, finishing school, getting jobs and now—with a little help—beginning to marry

By CLAUDIA WALLIS DOLGEVILLE

T'S A PERFECT MORNING FOR A WEDding in tiny Dolgeville, N.Y. A soft
breeze tames the July sun; birds do
tremolos from above the elaphoard
cottages of a village so quaint it holds
an annual Violet Festival. Beneath
the narrow spire and wooden beams
of the United Lutheran Presbyterian
Parish, Carolyn Bergeron, 29, and Sujeet
Desai, 25, are about to take their vows.
There is news today," says the Rev. James
Paulson. "Love," he says, can the stopped by
cultural differences or different faiths.
"Love can't be stopped by Down syndrome."

Carrie and Suj, as they're known, beam through much of the ceremony—their second, having already celebrated a Hindu ritual the week before—but the rest of the 140 people present, Pastor Paulson included, are fighting back tears. In the congregation, wearing expressions of awe and envy.

are half a dozen friends from the National Down Syndrome Congress, which holds an annual meeting for adults with DS. Bergeron and Desai met at one of those sessions two years ago. ("I told my mom I wanted to date her," Desai recalls. "I was shy. I couldn't say anything, so Mom helped.") Both bride and groom are high achievers, advocates and role models within the DS community. She has given many inspirational speeches (often comparing herself to an oddly shaped tomato in her dad's garden-"different but just as juicy"). He performs on the piano, the clarinet and four other instruments. Both have led workshops in which they demonstrate black-belt mastery of martial arts (hers in karate, his in Taekwondo).

This generation of young adults with DS has shattered old ideas about what is possible for people who carry an extra 21st chromosome in their cells—the cause of DS—and what opportunities society owes



them. They came of age in an era of earlyintervention programs to spur physical and mental development-Desai began one at 7 weeks. Once in school, they were included in regular classrooms when possible and were offered tutoring and special classes when needed. Both bride and groom are high school graduates. Just as critical, this generation has benefited from medical care addressing the heart and gastrointestinal defects, eve problems, thyroid issues, obesity and other health woes that, for reasons that are poorly understood, often tag along with mental retardation as part of Down syndrome. The result: their average expected life span has doubled, from 25 in 1983 to 56 today. And as adults, they have had the Americans with Disabilities Act ensuring them a right to be accommodated in the workplace where possible.

While inclusion is the watchword for today's disabled Americans, social isolation





44We are not so different. It's just that we have a special need. We need a little extra help, a little boost so that we can become successful in our own way. 77

-CAROLYN DESAI Bride

once Sujeet expressed interest in Carrie, "We come from a different culture," she explains. As India-born Hindus. Sindoor and Sharad Desai, both dentists, "don't expect dating and breaking [up]." Nor did Sindoor wish to expose her vulnerable son to the emotional upheavals of serial entanglements.

With help from their families, who live about 90 minutes apart in upstate New York, the couple began dating. At a Valentine's Day party, "I had my eyes on her all the

time," Sujeet recalls. Later that night, "I started to kiss her. She loved it!" The two began speaking by phone daily. Says Peggy: "They can talk about things"-like what they plan to eat for lunch that day-"that we'd get bored with." Finally, with plenty of plotting by both families, Sujeet popped the question onstage after he played a concert for people with disabilities, a moment that can be viewed on his website, Sujeet.com. Says Carrie, who has exemplary verbal skills: "There are not many words to express how much I really love him. He's beyond words." While love was blooming, the two fam-

ilies worked hard to create a system that might support an eventual marriage. There were few role models to follow. Many older adults with DS live in residential facilities. that do not accommodate married couples. Another reason such marriages are rareno one knows exactly how many there are-is that marital status 3 can affect the amount of support that adults with disabilities receive from federal aid programs administered by the states, "People who might otherwise be interested in marriage don't want to risk losing their benefits." says Dr. William Schwab of Madison, Wis., who has worked as a consultant on sexuality issues for the National Down Syndrome Society.

Luckily for Carrie and Suj, New York State offers an innovative pilot program that allows individuals with

developmental disabilities to design their own support plan, subject to state approval. The endlessly devoted Desais and Bergerons pressed for a plan that would allow the newlyweds to live together in their own apartment, located midway between the two family homes, and receive parttime aid with tasks like cooking. "They don't need baby sitting every hour," explains Sindoor. "What they need is money management and transportation" to parttime jobs, volunteer work, exercise classes and other activities. The "self-determination" program requires enormous initiative and hard work from the young couple, as well as those in their circle of support, but it allows them to take considerable responsibility for their own lives, "We want them to become as independent as they could be." says Sindoor, "so when we are not around, they can manage."

The most delicate questions arising from a marriage like this one concern sexuality and parenthood. Women and especially men with Down syndrome have low rates of fertility, but pregnancy is possible. Carrie reluctantly ruled it out, even before she met Suj, when her mother told her, correctly, that she would have a high risk of bearing a child with DS. "I just burst into tears," she recalls, "and then I said I would not have any children." A tubal ligation ensured the decision. But she says she and her new husband have other dreams to sustain them: "To continue with our speeches, to continue to make a difference in this world for people with special needs, to have some fun time too. And to take care of each other." -With reporting by

Wendy Cole/Chicago

For more photos of the couple's Hindu wedding ceremony, go to time.com

remains a painful problem. "Once they leave high school, they can fall off the earth because of a lack of services," says Dennis McGuire, director of psychosocial services at the Adult Down Syndrome Center at Advocate Lutheran General Hospital in Park Ridge, Ill. "If they're stuck at home, they can end up feeling very much alone." Carrie's mother Peggy became con-

cerned about her daughter's social and romantic needs as Carrie entered adulthood. "When the loneliness began to loom around 21 and she saw her sister and brother having relationships and getting married, she longed for it," says Peggy. Group discussions at a nearby resource center for people with disabilities brought "some comfort," she says, but Carrie continued to talk about meeting her "Mr. Right." Says Peggy: "We never dreamed it would happen. Suieet's mother Sindoor, however, says

she "had marriage in sight straightaway"



No core. No stringer, Aviso sandwiches ¾ in. of honeycombed material or foam between sheets of undirectional carbon fiber—for a strong matrix—then seals it with heat. The deck and bottom flex independently; the cavity gives the rocker room to straighten out, pulling the rails and allowing for more speed on turns. Caution: your wax job might met on these black boards.

WHY RIDE THEM? Lightweight, highly durable and ding-resistant—but the pros aren't biting.

Salomon, a brand famous for its skis and snowboards, is getting wet. Its S-Core design creates a shock-absorber-like effect in the deck using three polypropy-lene foam stringers in a hollow carbon core enclosed by a foam shell—an airplane wing on the water. The composites in the deck and rigid carbon bottom optimize flex memory, which improves control, say Salomon.

WHY RIDE THEM? High-rank surfers rave about the flex; they can be custom shaped.

Just as parabolic, or hourglass-shaped, skis changed that sport, Firewire's Future Shaper Technology boards feature balsa-wood ralls glued to the EPS foam to increase motion in the foam core. The design accentuates the rocker for a tighter turn, as in parabolic skis. The first surfboards hit racks just weeks ago.

WHY RIDE THEM? As with S-Core, pros ride the custom-shaped boards for flex; 20% lighter than PU boards, they last 5 to 10 times as long.

## **SURFING'S NEW WAVE**

By COCO MASTERS

ILEY MAY COME. ACROSS AS DEFIERS OF convention, pushing the edge as they slice through walls of water, but surfers are traditionalists by nature. For more than 40 years, as many as 9 out of 10 American wave riders have relied on one supplier of blank or one supplier of blank or unfinished boards: Cordon (Crubby) Clark. Last December when the old man slammed shut the doors of Clark Foam, in Laguna Nigued, Califf, he unleashed a tsunami. Some small businesses that had been shaping and finishing Clark's polyurethane (PU) boards simply boards simply

wiped out; panic over supply swept the industry. But Clark's departure may turn out to be the best thing to happen to the sport. Surfers have been forced to find a new ride.

Companies like California's Firewire Surfboards and France's Salomon have caught the attention of high-ranking pros by bringing innovative materials and construction methods to surfboards, some that had already worked wonders for skis, snowboards and the wings of Boeing Dreamliners. New designs using expanded polystyrene foam (prs), epoxy resirs and stiff sheets of carbon fiber add responsiveness and maneuverability to the boards. The buzzword: "flex memory" or "flex"—the way a board snaps

back into its original shape in a turn or maneuver. "The materials have a memory of the original curve, and they return to that curve very quickly," says Firewire's Mark Price. "It gives you that twang-like effect when you're coming out of the turn. It's almost like a bow releasing an arrow."

The newer boards are often called "composites," because unlike old PU boards, they are crafted from fourse of varying densities as well as fiberglass, resins, carbon fibers and wood in various configurations, some devised with sophisticated computer modeling. "Once surfers ty" en, it's an easy sell;" says Jison Weatherley of Salomon. The trick is getting those old-school riders on board. In

... FROM NOVICE TO GNARLY



BODYBOARD
Novices can get
the feel of surfing
without standing
up using a
bodyboard (a
sport all its
own), which lets
the rider plane
on the curl, the
breaking face of
the wave.



LONGBOARD
At least 9 ft.
from nose to tail,
the stable "hang
10" boards have
seen a resurgence. They
make paddling
and catching
waves easy. Bigwave-riding pros
use them too.



SHORTBOARD
Averaging 6 ft.
2 in., shortboards
increasingly
feature new core
materials, fabrics
and resins borrowed from other
industries to allow
riders more flex,
speed and
maneuverability.

Advanced

surfers look for responsive, lightweight boards to ride everyday surf

A straight ride back to shore on a stable longboard makes pop-ups easy to practice

> Fins go on the feet, not on the board

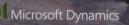
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#### **Bill Saporito**

#### **Three Cheers for Butthead!**

Zidane's retribution was a message to soccer to get rid of thugs like Materazzi

#### Good for you, Zizou.

Don't count me among those who are wagging their finger at French soccer star Zinédine Zidane for his ferocious head but to the chest of Italian defender Marco Materazzi in the wauning minutes of overtime of the World Cup final. Zidane, known as Zizou to the fans who worship him, later explained that he erupted after having to endure one insult too many—not to mention a game's worth of off-the-ball rough stuff—from a fullback who has been called Taiminale in Italy.

Sadly, most sports fans in America will remember Zidane as

that crazy head-butt dude. It's a terrible, although not undeserved, legacy, since he's always been a hothead. And the fact that the incident was debated for days on cable networks was perverse testimony to the Cup's growing viewership in the U.S., now up to National Basketball Association (NBA) play-off levels. But if American fans watched only the final, they got just a glimpse of a mesmerizing athlete who has hands for feet, as one scout described him. Like all great athletes, his field vision is uncanny, and he's always a beat ahead of everyone else. More Magic Johnson than Michael Jordan, Zizou controlled games, feeding impossibly angled passes to appreciative teammates and scoring timely, if not spectacular, goals. Just remember that cheeky, chipped penalty kick that put France up 1-0 in Berlin last week.

But Zizou has also been playing football during a time when dirty play has become acceptable. Defenders such as

Materazzi are skillful in their own right, but they have also mastered the black arts that disfigure the game. The Italians are particularly good at it, as the Americans discovered during their 1-1 draw in Kaiserslautern, a game in which Brian McBride's face was slashed open by an Italian elbow.

If you watch the penalty box on any corner kick in a game in Italy's Serie A. or England's Premiership, you see defenders grabbing strikers in full nelsons, yanking their shirts, throwing elbows, pushing, kicking—and that's before the ball is put in play. In response, players such as Portugal's young sensation Cristiano Ronaldo have learned to dive and writhe on the ground the instant an opponent is within spitting range. Throw in trash talk, some of it outright racist in a Europe where African and Brazilian players flourish, and you can see why a player like Zidane might erupt.

But instead of dealing with these problems, as other sports

member Zidane as rules would be enfo

AU REVOIR Zidane, the best player of his generation, will be remembered otherwise

have, FIEA, soccer's governing body, is a world leader in bloviation over action. The NBA outlawed trash talk and instituted a flagannt-foul rule to deal with dirty players. The National Hockey League, hardly a sport for wimps, also enacked down on thugs. The NHL decided to enforce the rules on hooking, holding and interfering when it became apparent that the chippy play was ruining the game by preventing players from using their italents—you can't stake with a stick up your behind. The result: when the refs cracked down, there was a lot of whining about the loss of "old school" hockey, but once everyone got used to the fact that the rules would be enforced, the game improved. Scoring increased

because the game's stars, such as the Czech Republic's Jaromir Jagr and Russia's Alexander Ovechkin, were free to fly.

Not so in soccer. "Fair Play" has been the FIFA motto since 1993, yet the organization has done nothing beyond sloganeering to promote it. It routinely assigns rules issues to its Technical Study Group, which studies and studies and, from time to time, makes the offside rule even more opaque. Or it orders referees to hand out vellow cards for minor offenses, leading to a record number at this Cup without solving the real problem. Other sports, such as rugby and American football, have adapted video replays to help referees. FIFA's biggest change in officiating is to rename the linesmen: now they are called "assistant referees," but they have no additional power. Instead, FIFA continues to create smiley-faced logos and slogans ("A Time to Make Friends" was the official insipidity in Germany) and vapid declara-

tions (FIFA is against racism, officially) while the mayhem on the pitch continues.

Soccer needs better policing, both on the field and in the stands. Even in my amateur league, you sometimes hear a team captain pleading with the referee to take control of a game, to protect the players. Perhaps Zidane, after absorbing 18 years of verbal and physical abuse from lesser soccer mortals, decided to make a stand in front of a billion people. Yes, he said he was sorry for blowing his stack when the game's outcome was still in doubt, and sorry he let his teammates and his country down.

But he didn't apologize for not taking any more guff because soccer's ruling power won't protect its best players. "My act is not forgivable," Zidame said in an interview on French television. "But they must also punish the true guilty party, and the guilty party the one who provides." Maybe Zizou struck a blow for instity.



## M. MIGHT

HEY SEEM A TYPICAL LOT, THE RESIDENTS OF THE

By RICHARD CORLISS

apartment complex that's the setting for M. Night Shyamalan's new film, Lady in the Water. Yet many of them are searching for a mission. One, Vick (played by Shyamalan), is composing a tome he calls The Cookbook, which is full of his thoughts on how to make a better world. But Vick's not at all sure about his endeavor. He wonders if he has been wasting his time. Vick is not, by a long stretch, Night (as everyone calls Shyamalan). The filmmaker not only has a vision, he already knows it sells. His big-break movie, The Sixth Sense, which gave us the phrase "I see dead people" in 1999, took in \$672 million at the worldwide box office; Signs in 2002, an additional \$408 million. Even his "flops," Unbreakable and The Village, grossed in the \$250 million range. Shyamalan (pronounced Shah-ma-lahn) is well aware of the power of those numbers. "Except for Pixar. I have made the four most successful original movies in a row of all time," he says-not as a boast but to explain Hollywood math. His films are relatively inexpensive to shoot, costing about \$65 million to \$68 million, "If you're not betting on me," he says, "then nobody should get money. I've made profit a mathematical certainty. I'm the safest bet you got."

In some circles, though, there's a feeling, as creepy as the tingle his fills give his audience, that Shyamalan's esalted position is a little precarious. First, there's the suspicion that, as a storyteller, Shyamalan might be a one-trick pony. O.K., it's a great trick: the notion of dread congealing around some ordinary man, capped by a switcheroo that casts all that preceded it in a darker light. But the surprise ending can restrict an artist. (Ask O. Henry; ask Rod Serling.) If viewers of each new Shyamalan film get a twist, it feels predictable. If they don't, they feel cheate, they are the surprise of the strength of the strength of the surprise of the strength of the surprise of the surp

Alienating his core audience is one thing; alienating a studio is another. In a move that caused no small commotion in the industry, Shyamalan and Disney, which had sponsored his four hig films, parted ways over his latest movie. According to an adoring new book, Michael Bamberger's The Man Who Heard Voices: Or, How M. Night Shyamalan Risked His Career on a Rinty Tale (Cotham Books), the Mouse House offered him \$60 million to make the film, but the director felt the studio didn't give the script enough love. (His assistant flew to Los Angeles to deliver the script to Disney execs on a Sunday at their homes, and when one of the executives wasn't home at the appointed time—she

THE DIRECTOR
KNOWN FOR HIS
UNNERVING
FILMS GAMBLES
HIS REP ON A
WATER NYMPH



had taken her son to a birthday party—Shyamalan felt dismissed.)

"The relationship with Disney is definitely parent-child, in all the best ways and in some of the difficul

parent-crind, in an tre best ways and in some of the difficult ways," Shyamalan, 35, says. "The things that made me conventional were celebrated, and the things that made me unconventional were not celebrated. I felt a large part of me

THE

VILLAGE (2004)

\$114 million

was unconventional, and I didn't want that part to die." So Shyamalan went to Warner Bros, which is releasing Lady and which, he says, "has already offered to make the next movie, sight unseen." Disney, in a statement, said it wishes the director "the best of luck with Lady and all future endeavors."

In many ways, Shyamalan expects not to be liked. Making movies near his home in the Philadelphia suburbs, the Indiaborn auteur is essentially a foreign filmmaker in his own country. When Bamberger's book got a derisive review in the New York Times, the director figured the animosity was aimed at him. "You get in my corner," he says, "vou're going to get pummeled." The book. although hagiographic, portrays Shyamalan as defensive and obsessed with his critics. (In Ladu, one of the characters is a bored, bitter movie reviewer.) "It's human nature." Shvamalan says. "Twenty-six people love the movie, and the 27th person hates it, and the only thing you can think about is the 27th person."

But the 26 are not crazy. Shyamalan makes scary movies that are really art films, adult films. His heroes carry despair like a tumor. They are, figuratively or literally, the walking dead, cut off from their wives and children by some awful event. Then they realize their selfless, daredevil mission. Heroism is the cure for emotional entropy.

There's also Shyamalan's camera style to savor. His film frame is a box like Pandora's, and he's a master at knowing how far to open it, and when. His control of film artifice rivals that of Alfred Hitchcock, who also had to endure criticism of being a slave to formula.

With Lady, Shyamalan has twisted his "twist" formula. Instead of devising one narrative rule to be broken at the end, he tells a story that makes up its rules as it goes along. The people onscreen have to figure them out—and those in the audience do too. BOX-OFFICE NIGHTS

The Sixth Sense was Shyamalan's biggest movie. But all his films (the grosses here are for North America) have made money. Plus, he's frugal. Lady, with Howard and Giamatti, below, cost about \$7.0 million

MOVIES



The tale begins when the superintendent, a sad sack named Cleveland Heep (Paul Giamatti), notices strange nocturnal activity in the pool: a woman surfaces, then submerges. The Lady (Bryce Dallas Howard) is a "nart," a sea nymph (named, alas, Story), and she has a task for Heep; get her home. If only he can find—among the residents—the people with the magic to help he. If lonly they allare not devoured by the Lady's enemy, the wolflike "scrum," that provide the grounds.

Lady in the Water began as a fairy tale Shyamalan told his two daughters, now 9 and 6. "There was an intoxicating freedom." he recalls, "to telling stories that were using a kind of reliance on faith. I said, I'd low to make a movie under that umbrella of feeling. So I proceeded to write, cast, crew, shoot, edit and conduct myself in that same spirit of I don't know what's coming."

It's a challenge to offer, amid the burly blockbusters of summer, a tale as soft and dewy as the poolside lawn at dawn. The self-proclaimed "safest bet" is working without a safety net. "I am fully aware of the giant risk I'm taking" he says. "Being as eccentric as my mind will let the and then hearing people's responses. This requires an incredible amount of pain. Everyone around me—98%—at some point doubted."

All filmmakers are occasionally bound to test and confound their audience. Shyamalan has earned that right. But perhaps for his young-male audience—and certainly for this critic, who's usually on Shyamalan's wavelength—Ludy doesn't work. Although he detonates a few terrific frissons involving and arrant. The spreading of tension from one character to many dilutes the mood. The would-be rapturous Spielbergian ending is on the wussy side.

Shyamalan is prepared for bad reviews.

"It could be a complete failure," he says of the fill m. "Or it could be a gmad success with the other four. I don't know. But somehow I feel success. I feel peaceful." He takes a cue from his fillm. "The moral," he says, "is, When you find your voice, your life takes on grace."

Besides, he notes, "even if this movie goes down, that still makes me 80%." In other words, Lady may tank, but Night won't fall. —Reported by Barbara Kiviai/Chester County, Pa.

For a Q&A with M. Night Shyamalan on his career and latest movie, visit time.com

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THIS LIEPE MO BEST TIME LIVING HOTTLESS, BALLINGS

rarely see Organization of Penza, a cow, Vova and in an after-sch got to be mor chenkos are ea around, but with thing shifts belt weirdly intens have personal pleasantly obsessing the pleasantly o

rarely see outside of Cirque du Soleil.

Growing up poor in the small industrial city of Penza, about 400 miles outside Moscow, Vova and Olga started juggling for fun in an after-school program. Pretty soon it got to be more than a hobby. The Galchenkos are easypoing and tons of fun to be around, but when it's time to work, something shifts behind their eyes and they get weirtdly intense and laser-focused. "They have personalities that are very, very unpleasantly obsessive," says magician and juggler Pen Jillette (ke means that with nothing but affection). "When I was around them

HEADS UP The Galchenkos, who were kicked out of their after-school juggling class, practicing at their California home



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practicing, they would do stuff that no one had ever done and then say, "That sucks."

The obsessiveness paid off. "If you're talking about club passing, the two of them together are the best in the world," Jillette says. "Not just the best in the world. The best there has ever been." Standing up close to the Galchenkos when they juggle is like watching gravity get turned off. There's a moment of stillness, and then, with no obvious cue from

either of them, the air is full of flying clubs, spinning in intricate orbits. The Galchenkos' jugding is beautiful—a kind of kinetic sculpture, a bravura display of human determination bringing order to the chaotic physical world. (For video footage of the Galchenkos' juggling, visit time, com/jugding.)

The rest of the Galchenkos world has been plenty chaotic. In 2003, thinking they would have more juggling opportunities in the U.S., they moved to New Hampshire, staying with a circus artist they had met while performing in Russia. They came alone: no mother, no father, just the two of them. Vova was 15, and Olga was 12. Neither spoke English.

Since then they have performed around the world and won major competitions. They have learned near perfect English. After some bouncing around, they now live with a generous jugging afcionado in a mansion about an hour outside Los Angeles. And they have acquired a mentor, a brilliant, bombastic, shaven-headed, muscle-bound

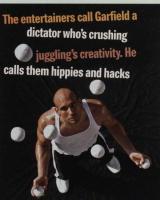
named Jason Garfield.

This brings us to the controversy. The

world of élite juggling can be a political and even somewhat catty place. For decades the primary juggling organization has been the International Juggling Association (I/A). The 1/A is committed to juggling as a form of entertainment: juggling with friends for fun, juggling to music, juggling by clowns. If you have ever seen juggler-comedian Chris Bliss's epic three-ball interpretation of the Beatles' Carry That Weight, you get the idea.

In 2003, Garfield, 31, a world-class juggler himself, founded a rival organization called the World Juggling Federation (wJF), dedicated to promoting juggling as a sport, not a sideshow. There are no clowns in the wJF. In wJF events, contestants are judged on the difficulty of their routines and the technical skill with which they execute them, and nothing else. The object is not to





JUGGLENAUTS To the Galchenkos, top, and Garfield, above, juggling is an athletic feat. To Bliss, below, it's entertainment



entertain but to win. "I wanted to see people competing like athletes," Garfield says. "Kind of like an X Games for juggling."

Feelings between the two camps, the entertainers and the sport jugglers, can run a little high. ("They all get really crazy about it," says Olga, rolling her eyes. "It's insane.") The entertainers call Carfield a dictator who's crushing the creativity out of juggling. He calls them hippies and hacks. Both can coexist, I think, very easily, says Kim Laird, an IJA board member. "The wpr right now is the new kid on the block, and some people feel their territory's being invaded." Carfield too is a little befuddled by the ire, though he doesn't seem to mind the attention. "It's just juggling. It's surprising to me that people get

so mad about it."

His dream is for juggling to become a big-time professional sport, like ice skating—or at least a lucrative fad, like poker. And he has made a start ESPN and ESPN2 broadcast the first two wjr championships in 2004 and '05, a first for competitive juggling. The next event is in August. The IJA holds its own festival—the '06 festival is this week in Portland, Ore.—but so far it remains a relativel low-profile affair.

Garfield met the Galchenkos shortly after they arrived in the U.S. and immediately offered to coach them pro bono. They're the perfect poster siblings for the WIF: peerless, purely technical jugglers with little interest in show biz or comedy patter. Moreover, stage juggling is about making tricks look difficult, and the Galchenkos' natural gracefulness makes everything look easy. "We're probably the top team in the world, ever, technically, as far as juggling goes," Vova says and adds ruefully: "But we're probably the bottom team

we're probably the bottom tewhen it comes to presenting it."

The Calchenkos may well be the future of juggling, but right now they have a lot more than clubs to juggle. They have little money. They haven't seen their parents in three years. They have legal troubles too. Olga has successfully filed an Extraordinary Ability petition that will allow her to stay in the country for now, but Yowa's hasn't been approved yet. He'll have to go back to Russia in October, at least temporarily.

In the meantime, he sometimes gets his host to drive him out to Verine Beach, where if you're lucky you can see one of the greatest technical Jugglers in history performing on a street corner. 'It's kind of an entry-level juggling job, I guess,' he says. He's even working up a little patter to go with his act. 'I mean, I don't make up a story,' says Yova. 'Most people who perform, they usually make up stories.' Then again, most people don't have a story like the Galchenkos.

#### Isn't it strange that your dry cleaning got you to a place where you don't even have to wear pants?



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WATER FOR ELEPHANTS SARA GRUEN JACOB JANKOWSKI has never had fantasies about

joining the

circus. But when his parents die suddenly, he freaks out, drops out of yet school, hops a freight train and winds up tending to the menagerie of the Benzini Brothers Most Spectacular Show on Earth, a third-rate Depression-era traveling circus. What goes on under the big top is nothing compared with the show backstage. In a sawdustand-tinsel novel reminiscent of Robertson Davies, Jacob nurses giraffes, bunks with a surly dwarf, falls in love with a sexy horsewoman, gets life lessons from a singularly intelligent elephant and learns what to do when the band plays Stars and Stripes Forever: it's circus code for disaster, so run like hell,



V FEEDING THE MONSTER
SETH MNOOKIN
NOT TO SPOIL IT or anything, but the 2004 Boston
Red Sox had a

David

Ortiz).

pretty good year. Yup. Their first in a while. The surprise is what came before it: the youngest general manager in baseland

est general manager in baseball looked at a bunch of underrated players (like power hitter

fussy eccentrics
(Nomar Garciaparra, he of the glovetugging ritual) and petulant superstars
(Manny Ramirez) and saw champs. It's both a Monepballstyle triumph of smart management over conventional



## GUILT-FREE PLEASURES TO READ AT THE BEACH

You won't want to put these books down, and you won't need to hide them

wisdom and a redemptive story of athletic success as an expression of inner strength.



MOCKINGBIRD: A PORTRAIT OF HARPER LEE CHARLES J. SHIELDS IN 1956 A SHY

but viper-

tongued young Southerner sneaked into a literary agent's office to drop off a manuscript. "I prayed for a quick death," she said later, "and forgot about it." But the world hasn't forgot-ten Harper Lee or her novel To Kill a Mockingbird. The enigmatic, reclusive Lee, now So, has never published another book and files her idol. Jane

Austen) has never married. She

didn't cooperate with this biography, which relies on early interviews and diligent research, but the glimpses we get are tantalizing, like her description of her collaboration with Truman Capote on In Cold Blood: "It was deep calling to deep."



FOUND
CAROLYN
PARKHURST
SEVEN COUPLES
on a high-stakes
global treasure

hunt—it's the stuff of which crappy reality TV is made. But Parkhurst (*The Dogs of Babel*) has fashioned an entertaining, unexpectedly wise novel about contestants on an *Amazing Race*—esoue show: a pair of de-

#### BREAKOUT Gruen wrote this summer's surprise best seller

vout Christians struggling with temptation, an estranged mom and daughter, high school sweethearts and two grownup, washed-up child stars. Her tender, witty prose catches things no camera could.



LEMONS
NEVER LIE
RICHARD STARK
"GROFIELD
opened the closet
door and the
wrestler smiled

up at him with his slit throat." Grofield is a summer-stock actor who moonlights as a usual-suspects-type contract criminal. He's a thief, not a psycho-killer, so when an actual murderous nut job tries to hire him, he walks away. He should have run. Instead, Grofield winds up in this first-rate hardboiled mystery by Richard Stark (also known to aficionados of the genre by his real name. Donald E. Westlake), which reads like Raymond Chandler with a dark literary whisperas faint as the vermouth in a martini-of Cormac McCarthy.

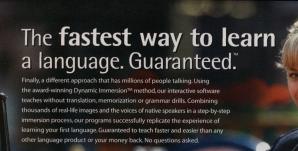


beauty, yet he

V THE RUINS SCOTT SMITH PLEASE, PLEASE let this be the most disturbing novel of the year.

The Ruins is the tale of a bunch of American tourists on a boozy Mexican vacation that becomes a fever dream of grisly horror. Smith (A Simple Plan) writes with eaculy and real

doesn't pull punches. To be more specific would just waste good dramatic tension. But seriously, it's just awful what happens to these poor people. —By Lev Grossman





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## If You Have an Asbestos Personal Injury Claim Against Owens Corning or its Related Debtors,

#### Please Read This Notice of Voting Rights and Hearing to Consider Whether to Approve Plan of Reorganization

The Sixth Amended Joint Plan (as Modified) to reorganize Owens Corning ("Plan") has been filed in the United States Bankruptey Court for the District of Delaware (Case No. 00.08377/JKF)) by Owens Corning and its affiliated debtors listed below ("Debtors"), the Official Committee of Asbestos Claimants and the Legal Representative for Future Claimants.

Persons or entities with personal injury or wrongful death claims relating to exposure to asbestos or asbestos-containing products manufactured, distributed or sold by any of the Debtors, may vote to accept or reject the Plan by September 1, 2006. Many claims against the Debtors concern high temperature insulation products manufactured by the Fibreboard Corporation or Owens Corning. Product names included PLANT, PABCO, KAYLO, PRASCO and AIRCFLI.

A detailed document describing the Plan, called the "Disclosure Statement," which was approved by the Bankruptcy Court on July 11, 2006, together with a copy of the Plan itself and voting materials called a "Solicitation Package," has been mailed to known holders of claims against the Debtors or their lawyers.

Important Plan Provisions Regarding Asbestos-Related Claims The Plan provides for a Trust to be set up to process and pay all eligible asbestos personal injury claims. The Plan provides that persons and entities with asbestos-related claims will be forever barred from asserting their claims directly against any of the Debtors. You should read the Plan and Disclosure Statement carefully for details about how his may affect your rights.

#### Special Plan Voting Procedures

The Bankruptcy Court has issued an order describing exactly who can vote on the Plan and how to vote. The Disclosure Statement contains information that will help you decide how to vote on the Plan if you are entitled to do so. Your legal rights may be affected if you do not vote on the Plan. To be counted, a ballot voting on

the Plan must be received by the Debtors' Voting Agent by 4:00 p.m., prevailing Pacific Time, on September 1, 2006. If a ballot is not received by that date and time, it will not be counted.

Copies of the Disclosure Statement, Solicitation Package, the notice of the hearing to consider confirmation of the Plan and the procedures related to it, and other key documents related to the Debtors' bankruptcy cases may be obtained on the Debtors' bankruptcy website (<a href="https://www.ocplan.com">www.ocplan.com</a>) or may be obtained by writing the Debtors' Voting Acquat at the address below.

#### Asbestos Personal Injury and Wrongful Death Claims

Proof of an asbestos personal injury or wrongful death claim does not need to be filed with the Bankruptcy Court at this time. The Bankruptcy Court has established special procedures for holders of asbestos personal injury and wrongful death claims to vote on the Plan. Lawyers for holders of these claims may vote on the Plan on behalf of their clients if authorized by their client. If you are unsure whether your lawyer is authorized to vote on your behalf, please contact your lawyer.

#### Hearing to Confirm the Plan

A hearing to confirm the Plan (the "Confirmation Hearing") will be held before the Honorable Judith K. Fitzgerald, United States Bankruptcy Judge at US Bankruptcy Court, 5490 US Steel Tower, 600 Grant Street, Pittsburgh, PA 15219 on September 18, 2006 at 900 a.m. You may attend the hearing, but are not required to do so. If you want to object to the Plan, you must follow the procedures outlined in the Solicitation Package. Objections to the Plan must be filed with the Clerk of the Bankruptcy Court, United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd floor, Wilmington, Delaware 19801, and received no later than 4-00 p.m. (prevailing Eastern time) on September 1, 2006. If you or your attorney do not file an objection, the Court may conclude that you do not opose confirmation of the Plan and may enter an order confirming the Plan by which you will be bound.

To receive a copy of the Plan, the Disclosure Statement and other information related to voting on the Plan

Write: Voting Agent at Owens Corning c/o Omni Management Group, LLC, 16161 Ventura Blvd., PMB 626, Encino, California 91436-2522

Call: 1-800-873-4096 Fax: 818-905-6542

Email: oc@omnimgt.com or Access: www.ocplan.com

#### Debtors

Owens Corning, CDC Corporation, Engineered Yams America, Inc., Falcon Fount Corporation, Integers, Fiberboard Corporation, Exterior Systems, Inc., Integers Portessional Services LLC, Integers Supply Chain Solutions LLC, Integers Steping Systems LLC, Integers Steping Systems LLC (MISSES) and Stepi

# Can Murray Sugar Free really taste as good as Chips Ahoy?





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In recent independent taste tests, MURRAY Sugar Free Chocolate Chip cookies were liked every bit as much as Chips Ahoy' Original Chocolate Chip cookies. Not surprising, since now they're sweetened with SPLENDA® Brand Sweetener. Bite into a MURRAY Sugar Free Cookie and judge for yourself. You'll find all the sweet satisfaction, with none of the sugar.













#### **FRUITY POPS**

Flavored popcom makes a comeback this year, but the tastes go way beyond the butter- or cheese-dusted snack of the past. Kernels are sprinkled with flavors ranging from lime (surprisingly nice) to mint (not so good). Dale & Thomas offers winners both savory (Southwest cheddar chipotle) and sweet (straw berry.

#### **CURED MEATS**

right).

Star chef José Andrés and Embutidos Fermin celebrated the arrival of prized iamón ibérico products to the U.S. for the first time. The plum-colored ham, considered



finest in the world, wasn't the only cured meat taking center stage at the show, though. La Quercia Rossa Heirloom Breed

Culaccia dry-cured ham was both salty and sweet, Principe's truffled ham was luxurious, and S. Wallace Edwards offered Americanstyle serrano with paper-thin slices of its Wig-

Wam ham.

#### **ATASTE OF** THE FUTURE

grocery shelves. -By Lisa McLaughlin



Yerba maté, the South American herb prized for fighting fatigue, aiding digestion and boosting energy, showed up in a number of products. Pixie Maté, above, is a line of smooth, earthy-tasting lattes, while Sol Maté is a lightly carbonated, refreshing energy drink offering a natural alternative to traditionally syrupysweet energy drinks.



#### **HEALTHY BEVERAGES**

There's no need to feel guilty about your morning caffeine buzz with new coffees and teas that boast of antioxidant and health-promoting properties. Caffe Sanora is a rich organic coffee that undergoes a special roasting process that retains the antioxidants of the raw green beans. Dr. Lee's 710EGCG Organic Green Tea is the first green-tea product allowed by the U.S.

FDA to make limited cancer-fighting claims on its label.



#### SUPERFRUITS

In the produce world, some fruits have better health credentials than others. So-called superfruits flavored everything from pomegranate-blueberry lemonade to açaí energy bars. This year's breakout was the Himalayan goji berry, said to be a source of energy

and longevity. several appearances, most successfully in Himalania's trail mixes and

enacks



#### A WAVE OF WATERS

Simple H20 was the star of the show, popping up purified, fortified and flavored. San Faustino boasts a high calcium content. O Water undergoes reverse osmosis to filter out impurities and is then distilled into steam, while Hint, left, comes in flavors like pear, peppermint and a fabulous pomegranate-tangerine. And so as not to sully your drink with ice from tap water, Ice Rocks, disposable ice-cube trays filled with pure spring water, now available only at specialty shops, will be more widely distributed.



#### TECHNOLOGY MONEY TRAVEL FOOD

### **LUNG CANCER** AND THE SEXES

By CHRISTINE GORMAN

FOR YEARS RESEARCHERS HAVE DEBATED WHETHER smoking affects the lungs of men and women differently. So far, there's been as much evidence against a sex bias as for one. But that may be starting to change. In the most compelling study on the topic to date, researchers determined that women are twice as vultwist, they die at half the rate of men.

The study, which was published last week in the

findings are more

scientifically rigorous

Journal of the American Medical Association (I.A.M.A.), included 9 427 men and 7 498 women from throughout North America who were healthy, at least 40 vears old and either current or former smokers. Over the course of more than eight years, a group of investigators led by Dr. Claudia Henschke of the Weill Medical College in New York City identified lung tumors in 113 of the men and 156 of the women. Then the researchers kept track of who lived and for how long, as well as the treatment participants were given. The study showed that both sexes tended to be in their late 60s when they received a lungcancer diagnosis but that the women usually had smoked considerably less than the men. Still. at each stage of lung cancer, the women lived longer than the men.

Henschke argues that the I.A.M.A.

#### Women develop more tumors but seem to live longer than men

since they already know the outcome.) She and her colleagues are also trying to determine whether the experimental CT scans they used to find the tumors could help detect lung cancers in current and former smokers at a much earlier stage, thereby increasing the likelihood of successful treatment.

If the results report-

few hints from other research that might explain the sex difference Women's bodies appear to have greater difficulty repairing the damage to their genes caused by smoking, but there is also some evidence that estrogen, which is found in women's lungs as well as their ovaries, may interfere with some tumors' ability to grow.

There's one thing about which all investigators already agree: lung cancer is particularly deadly (85%

diagnosis) and almost entirely preventable (85% of people with lung cancer are current or former smokers). So the take-home message is clear: don't smokeand if you do smoke, quit. You would think no one would still have to say that in 2006. But the sad fact of the matter is that more women are smoking-and dyingthan ever before in the U.S., and smoking is also increasing among men and women around the world. No matter what your sex, you're taking your chances if

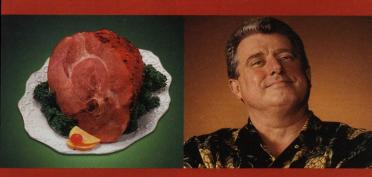


#### THE PERILS OF SMOKING

Cigarette smoke contains more than 4,000 chemical compounds, including at least 60 carcinogens

People who quit smoking by age 50 reduce their risk of dying over the next 15 years **50**% compared with those who still smoke About 50% of lung-cancer patients in the U.S. are former smokers. An additional 35% are current smokers

## Cholesterol comes from 2 sources: Food and Family



#### VYTORIN treats both

You probably know that cholesterol comes from food. But what you might not know is that your cholesterol has a lot to do with your family history. VYTORIN treats both sources of cholesterol

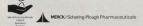
A healthy diet is important, but when it's not enough, adding VYTORIN can help. VYTORIN helps block the absorption of cholesterol that comes from food and reduces the cholesterol that your body makes naturally.

In clinical trials, VYTORIN lowered bad cholesterol more than Lipitor alone. VYTORIN is a tablet containing two medicines: Zetia® (ezetimibe) and Zocor (simvastatin).

Important information: VYTORIN is a prescription tablet and isn't right for everyone, including women who are nursing or pregnant or who may become pregnant, and anyone with liver problems. Unexplained muscle pain or weakness could be a sign of a rare but serious side effect and should be reported to your doctor right away. VYTORIN may interact with other medicines or certain foods, increasing your risk of getting this serious side effect. So, tell your doctor about any other medications you are taking.

To learn more, call 1-877-VYTORIN or visit vytorin.com. Please read the Patient Product Information on the adjacent page.

Continue to follow a healthy diet, and ask your doctor about adding VYTORIN.



To find out if you qualify, call 1-800-347-7503.

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Treat the 2 sources of cholesterol.

#### VYTORIN® (ezetimibe/simvastatin) Tablets

Patient Information about VYTORIN (VI-tor-in) Generic name: ezetimibe/simvastatin tablets

• danazo

Read this information carefully before

you start taking VYTORIN. Review this

information each time you refill your

be new information. This information

does not take the place of talking with

ask your doctor. Only your doctor can

determine if VYTORIN is right for you.

VYTORIN is a medicine used to lower

cholesterol, and fatty substances called

trialycerides in the blood. In addition.

VYTORIN raises levels of HDL (good)

cholesterol. It is used for patients who

cannot control their cholesterol levels by diet alone. You should stay on a

cholesterol-lowering diet while taking

cholesterol in two ways. It reduces the

cholesterol absorbed in your digestive

tract, as well as the cholesterol your

body makes by itself. VYTORIN does

VYTORIN works to reduce your

Who should not take VYTORIN?

· If you are allergic to ezetimibe or

simvastatin, the active ingredients in

VYTORIN, or to the inactive ingredients.

For a list of inactive ingredients, see

the "Inactive ingredients" section at

the end of this information sheet.

. If you are pregnant, or think you may

VYTORIN is not recommended for use

be pregnant, or planning to become

· If you have active liver disease or

possible liver problems.

pregnant or breast-feeding.

in children under 10 years of age.

What should I tell my doctor before

Tell your doctor right away if you

experience unexplained muscle pain, tenderness, or weakness. This is because

on rare occasions, muscle problems

greater at higher doses of VYTORIN.

The risk of muscle breakdown is greater

Taking VYTORIN with certain substances

can increase the risk of muscle problems.

It is particularly important to tell your

doctor if you are taking any of the

down resulting in kidney damage.

The risk of muscle breakdown is

in patients with kidney problems.

can be serious, including muscle break-

and while taking VYTORIN?

not help you lose weight.

Do not take VYTORIN:

levels of total cholesterol, LDL (bad)

your doctor about your medical

What is VYTORIN?

this medicine.

condition or your treatment. If you have any questions about VYTORIN

prescription for VYTORIN as there may

 antifungal agents (such as itraconazole or ketoconazole)

 fibric acid derivatives (such as gemfibrozil, bezafibrate, or fenofibrate)

 the antibiotics erythromycin, clarithromycin, and telithromycin

HIV protease inhibitors (such as indinavir, nelfinavir, ritonavir, and saquinavir)

the antidepressant nefazodone
 amiodarone (a drug used to treat an

irregular heartbeat)

• verapamil (a drug used to treat high

blood pressure, chest pain associated with heart disease, or other heart conditions)

 large doses (≥1 g/day) of niacin or nicotinic acid

 large quantities of grapefruit juice (>1 quart daily)

It is also important to tell your doctor if you are taking coumarin anticoagulants (drugs that prevent blood clots, such as warfarin).

Tell your doctor about any prescription and nonprescription medicines you are taking or plan to take, including natural or herbal remedies.

Tell your doctor about all your medical conditions including allergies.

Tell your doctor if you:

- drink substantial quantities of alcohol or ever had liver problems. VYTORIN may not be right for you.
- are pregnant or plan to become pregnant. Do not use VYTORIN if you are pregnant, trying to become pregnant or suspect that you are pregnant. If you become pregnant while taking VYTORIN, stop taking it and contact your doctor immediately.
- are breast-feeding. Do not use VYTORIN if you are breast-feeding.

Tell other doctors prescribing a new medication that you are taking VYTORIN.

#### How should I take VYTORIN?

- Take VYTORIN once a day, in the evening, with or without food.
- Try to take VYTORIN as prescribed. If you miss a dose, do not take an extra dose. Just resume your usual schedule.
- Continue to follow a cholesterollowering diet while taking VYTORIN. Ask your doctor if you need diet information.
- Keep taking VYTORIN unless your doctor tells you to stop. If you stop taking VYTORIN, your cholesterol may rise again.

What should I do in case of an overdose?

What are the possible side effects of VYTORIN?

See your doctor regularly to check your cholesterol level and to check for side effects. Your doctor may do blood tests to check your liver before you start taking VYTORIN and during treatment.

In clinical studies patients reported the following common side effects while taking VYTORIN: headache and muscle pain (see What should I tell my doctor before and while taking VYTORIN?).

The following side effects have been reported in general use with either ezetimibe or simvastatin tablets (tablets that contain the active ingredients of VYTORIN):

 allergic reactions including swelling of the face, lips, tongue, and/or throat that may cause difficulty in breathing or swallowing (which may require treatment right away), rash, hives; joint pain, alterations in some laboratory blood tests; liver problems; inflammation of the pancreas, nauses; gallstones; inflammation of the gallbladder.

Tell your doctor if you are having these or any other medical problems while on VYTORIN. This is <u>not</u> a complete list of side effects. For a complete list, ask your doctor or pharmacist.

#### General Information about VYTORIN

Medicines are sometimes prescribed for conditions that are not mentioned in patient information leaflets. Do not use VYTORIN for a condition for which it was not prescribed. Do not give VYTORIN to other people, even if they have the same condition you have. It may harm them.

This summarizes the most important information about VYTORIN. If you would like more information, talk with your doctor. You can ask your pharmacist or doctor for information about VYTORIN that is written for health professionals. For additional information, visit the following web site: vytorin.com.

#### Inactive ingredients:

Butylated hydroxyanisole NF, citric acid monohydrate USP, croscarmellose sodium NF, hydroxypropyl methyl-cellulose USP, lactose monohydrate NF, magnesium stearate NF, microcrystalline cellulose NF, and propyl gallate NF.

Issued June 2005

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following:

• cyclosporine

Contact your doctor immediately.

20650583(1)(003)-VYT





P

#### A SOPRANO REACHES HIGH C AND SIZE 12

We told you it wasn't over until she sang. After London's Royal Opera House fired soprano DEBORAH VOIGT for being too portly for her signature role. Ariadne, in Richard Strauss's Ariadne auf Naxos in 2004, opera fans feared that the last refuge of the plus-size artist was gone. Two years later, Voigt has had gastric-bypass surgery and lost 135 lbs. (the equivalent, roughly, of one Mariah Carey) and the Royal Opera has rehired her for the 2007-08 season, Maybe the Royal Ballet will hire her next?





#### **0&A** KEVIN SMITH

Kevin Smith wrote, directed and acts in Clerks II, which catches up with the seminal slacker film's characters 10 years later.

You originally called this film The Passion of the Clerks. Why did you change it? Fans and those who weren't fans agreed it was a terrible title, a one-note joke. I was happy with Clerks II.

You worked on an early script for Superman several years ago. What do you think of the new

film? I'm just glad there's any Superman movie. My version had a lot more parameters: the

Your last movie, Jersey Girl, starring Ben Affleck and Jennifer Lopez, flopped. Did it suffer from the Bennifer whirtwind? To

Affleck is with Jennifer Garner now. How does the New Bennifer differ? Old Bennifer was great

You're nearly 40. How do you

think you've matured? I'm getting more bald. From the I'm wearing a skin varmulke.

Who is the audience for your films? They tend to look like Twinkies. -By Jeffrey Ressner

#### WOODY'S LATEST TYPE SCARLETT JOHANSSON'S roles in Woody Allen's London-set films share striking similarities. And not just in handbags:

MOVIE The comedy: Scoop (2006)

THE ROLE Nola, a struggling American actress who Sondra, a struggling American journalism

student who seduces an old-money Brit seduces an old-money Brit LOVE INTEREST

Potential killer HUGH JACKMAN Potential killer JONATHAN RHYS MEYERS BOY-LIKES-DRENCHED-GIRL SCENE

Pool rescue by Jackman Rain-soaked tryst with Rhys Meyers PARTYGOING SIDEKICK ician Woody Allen Carefree socialite Emily Mortimer

LINE THAT SHOWS SHE KNOWS HER ASSETS Whatever I lack in experience, "Men always seem to wonder. They think I'd be something very special." I make up for in dedication."





### Yes, It Really Is Brain Surgery

Be nice to the man with the holes in his head

IKE NASA BEFORE THE FIRST MOON LANDING, I HAVE BEEN soliciting advice about what to say when I wake up from brain surgery. That's right, brain surgery—it's a real consumers to supper, sin't lif' There aren't many things you can say these days that retain their shock value, but that is one of them. "So, Mike—got any summer plans?" "Why, yes, next Tuesday I'm having brain surgery. How about you?" In the age of angioplasty and Lipitor, even the heart has lost much of its metaphorical power, at least in the medical context. People are willing to accept it as a collection of muscles and blood vessels rather than—or at least in addition to—the seat of various emotions. But the brain remains the seat of the self.

itself in physical reality as well as in metaphor. And the brain as metaphor looms so large that there isn't much room left for the simultaneous physical reality that the brain is material, performs mechanical functions, can break down and sometimes

can be repaired.

So brain surgery remains shocking and mystical. People don't expect to run into someone who's having brain surgery next week squeezing the melons at Whole Foods. (Unless, of course, he's squeezing them and shrieking. "Why don't you answer? Hello?" Bello?" Bello "Hello?" Bello "Bello" the squeezing them and shrieking. "Why don't you answer? Hello? Hello?" Bello "Bello" the squeezing them and shrieking. "Why don't you answer? Hello?" Bello "Bello" the squeezing the squeezing

indulgently, I've been dropping the conversational bomb of brain surgery more often than absolutely necessary just to enjoy the reaction. And why not? I deserve that treat. After all, I'm going to be having brain surgery.

Brain surgery is a license for self-indulgence. Cancel that dentist's appointment; you've suffered enough. (Though technically, before you go under, you haven't actually suffered at all.) Take out the tash? "Cimon, honey, I've got BRAIN SURGERY next week." Writers devote a lot of creative energy to dreaming up reasons not to write. One of the all-time best came recently from Washington Pest columns that Anne Applebaum, who told her readers that she was going to stop writing the column for a while because her husband had become Defense Minister of Poland, and she was moving to Warsaw. Sure, Anne, and I'm taking the summer off because I'm having brain surgery. In Cleveland.

But it's true. The operation is called deep-brain stimulation (DBS). They stick a couple of wires into your head, run them

Check out time.com for more on deep-brain stimulation and for Michael Kinsley's 2001 TIME article about his initial struggle with Parkinson's disease around your ears and into batteries that are implanted in your chest. Then current from the batteries zaps some bad signals in your brain so that good signals can be heard by the rest of your body. When it works, as it generally does, it greatly reduces the symptoms of Parkinson's disease. I wrote in Thus 44 years ago about having PD and adopting a strategy of demial: pretending to myself and others that I didn't have it. By now my symptoms are past the point where dishonesty and self-deception are a useful approach. But maybe this operation will get me back there.

As I write, surgery is a few days off. But you can assume, if you are reading this, that it went well. And thank you for your concern. Now, where was I? Oh, yes, brain surgery. Thinking I would give self-deception one more shot, I tried to convince myself that Das isn't really brain surgery. They don't crack open your skull; they just drill a couple of small holes to put the wires

Teensy-weensy little holes. The propaganda they give you when you sign up for the operation describes the holes as 'dime-sized.' That took me aback. The dime, there's no daying, is a seriously undersized coin. But frankly, I wasn't thinking coins at all. I was thinking grains of sand. A dime is huge! The hospital printout of all the things you can't do afterward describes it as "major brain surward describes it as "major brain sur-

through. Tiny holes, Itsy-bitsy holes,

gery. Is there minor brain surgery?

To an American middle-class professional of the 21st century, what is scariest about brain surgery isn't the ever present risk of disaster or even the chance of unexpected side effects. It's the danger that people will look at you differently. We are all brain snobs, and we are all—those of us over 20 or so—losing brain cells. But if you're walking around with wires in your head and batteries flanking your chest, every senior moment when you can't remember the term for, you know, when they drill holes in your skull—right, brain surgery—is...is., is, is, is, util, it's going to seem significant to others and to you.

That's why my first words coming out of surgery are so important. They have got to tell the world—and convince myself—that I am all there. Of course, there are the obvious jokes about brain surgery ("Well, it wasn't exactly rocket science") and about those wries in my head ("Can you hear me now?"). There is Dada ("I am the Defense Minister of Poland. Who the hell are you?"). And slapstick ("I feel as if I 've lost 10 pounds ... uh oh"). I'm still working on it.

Editor's note: Kinsley's surgery took place on July 12 and went fine. His first words were, "Well, of course, when you cut taxes, government revenues go up. Why couldn't I see that before?"



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